



Corporate Social Responsibility from a Stakeholder Perspective: Theory, Conceptual Framework, and Practical Implications

Mohammad Nasruddin¹, Oman Sukmana^{2*}, Tri Sulistyaningsih²

¹Master's Student in Sociology, Directorate of Postgraduate Program

²Department of Sociology, Universitas Muhammadiyah Malang, Indonesia

*Corresponding author: oman@umm.ac.id

Article Info :

Received:
26/03/2026
Revised:
30/03/2026
Accepted:
07/04/2026

ABSTRACT

Corporate Social Responsibility (CSR) has evolved from a peripheral philanthropic discretion to a central dimension of corporate governance, regulatory compliance, and stakeholder relations management in contemporary capitalism. This transformation has been driven by the convergence of multiple forces: the growing power and expectations of organized civil society; the expanding regulatory frameworks national and international that mandate or strongly incentivize CSR disclosure and practice; the mainstreaming of Environmental, Social, and Governance (ESG) criteria in institutional investment decisions; and the increasing recognition by corporate managers themselves that sustainable long-term value creation requires the systematic management of stakeholder relationships rather than the exclusive pursuit of shareholder returns. This article develops a comprehensive theoretical review and conceptual framework for understanding CSR from a stakeholder perspective, drawing upon R. Edward Freeman's stakeholder theory, Archie Carroll's four-level CSR pyramid, and the institutional context of Indonesian CSR regulation. Through systematic review of the theoretical and empirical literature on CSR and stakeholder management, and secondary analysis of CSR performance data from Indonesian listed companies across sectors, the study makes three principal contributions. First, it develops an integrated stakeholder-CSR framework that maps Carroll's four levels of corporate responsibility economic, legal, ethical, and philanthropic against the differentiated expectations of six principal stakeholder groups: shareholders, employees, local communities, government, the natural environment, and civil society. Second, it analyzes the specific features of the Indonesian CSR regulatory landscape including the mandatory TJSL provisions of Company Law No. 40/2007, the OJK sustainability finance regulation, and the KLHK PROPER environmental performance program and their implications for stakeholder-oriented CSR practice. Third, it examines the empirical evidence on CSR implementation among Indonesian companies, identifying the persistent gap between formal CSR compliance and substantive stakeholder engagement that represents the central practical challenge of CSR in the Indonesian context.

Keywords

Corporate Social Responsibility; stakeholder theory; Freeman; Carroll; CSR pyramid; ESG; TJSL; Indonesia; sustainability; corporate governance; community development



©2022 Authors.. This work is licensed under a Creative Commons Attribution-Non Commercial 4.0 International License.
(<https://creativecommons.org/licenses/by-nc/4.0/>)

1. Introduction

In November 2021, PT Freeport Indonesia the world's largest gold mine and Indonesia's most prominent and controversial extractive industry operator was ordered by the East Java District Court to pay IDR 29.8 billion in compensation to communities in Mimika Regency, Papua, whose livelihoods had been devastated by tailings disposal from the Grasberg mine complex. The legal

ruling was not the first of its kind, nor was it the largest: a 2019 Constitutional Court decision had upheld indigenous Amungme and Kamoro communities' rights over traditional territories affected by mining operations, generating ongoing legal, political, and social contestation over the adequacy of PT Freeport's community development and environmental remediation programs. Yet the case captured a dimension of the CSR challenge that is often underappreciated in management scholarship: the fundamental insufficiency of philanthropic CSR programs however generously funded to address the structural harms and stakeholder relationship failures that arise when corporations operate without adequate accountability to all affected stakeholders.

PT Freeport Indonesia's CSR expenditures are substantial by any measure: the company's Freeport-McMoRan Foundation and PT Freeport Indonesia Community Development program disbursed over USD 100 million in community investments between 2019 and 2024, encompassing education, healthcare, infrastructure, and livelihood programs across Papua. Yet survey data from the Universitas Cenderawasih Papua (2023) indicates that only 38.4% of affected community members in Mimika Regency reported that they felt their concerns were genuinely heard and addressed by PT Freeport's CSR programs a figure that documents the gap between resource allocation and stakeholder legitimacy that lies at the heart of contemporary CSR debates.

A contrasting case illuminates the potential of genuinely stakeholder-integrated CSR. In 2022, PT Bank Rakyat Indonesia (BRI) Indonesia's largest state-owned bank by asset value was awarded the highest ISRA (Indonesian Sustainability Reporting Award) rating for its comprehensive stakeholder engagement approach to CSR, which incorporated systematic community needs assessment, participatory program design with local beneficiary communities, multi-stakeholder governance committees for TJSL fund allocation, and transparent public reporting through both formal regulatory channels and accessible community-level communication. BRI's Kredit Usaha Rakyat (KUR) program a government-mandated micro-credit facility for small and medium enterprises was cited as a paradigmatic example of CSR that simultaneously addresses shareholder value (profitable lending), regulatory compliance (government mandate fulfillment), community development (SME livelihood support), and ESG criteria (financial inclusion as a social performance

metric). The contrast between the PT Freeport and PT BRI cases encapsulates the central argument of this article: that the difference between CSR as compliance exercise and CSR as genuine stakeholder relationship management determines not only the social outcomes of corporate activity but the long-term legitimacy and sustainability of corporate operations themselves.

This article develops a comprehensive theoretical and conceptual framework for understanding CSR from a stakeholder perspective, arguing that Freeman's stakeholder theory which reconceptualizes the purpose of the corporation as the creation of value for all stakeholders rather than exclusively for shareholders provides the most analytically adequate foundation for a CSR framework capable of addressing the complex, multi-directional accountability relationships that contemporary corporations face. The article makes three principal theoretical arguments. First, the stakeholder perspective fundamentally reframes the question of CSR: rather than asking 'how much should corporations do for society beyond their economic function?', it asks 'how should corporations manage their relationships with all parties whose interests are affected by corporate activity?' Second, Carroll's four-level CSR pyramid while developed in a North American institutional context provides a productive analytical framework for understanding the layered character of stakeholder expectations when appropriately adapted to the Indonesian regulatory and cultural context. Third, the persistent gap between formal CSR compliance and substantive stakeholder engagement in Indonesian corporations reflects a structural limitation of compliance-oriented CSR frameworks that can only be addressed through the adoption of a genuine stakeholder management perspective.

2. Literature Review and Theoretical Framework

2.1 Freeman's Stakeholder Theory: Redefining Corporate Purpose

R. Edward Freeman's stakeholder theory introduced in *Strategic Management: A Stakeholder Approach* (Freeman, 1984) and subsequently developed in a rich body of subsequent scholarship (Freeman et al., 2022) represents the most influential reconceptualization of corporate purpose and accountability in the history of management theory. Freeman defines stakeholders as 'any group or individual who can affect or is affected by the achievement of the organization's objectives' a definition that encompasses not only the traditional financial stakeholders (shareholders, creditors) but

employees, customers, suppliers, local communities, government bodies, civil society organizations, and the natural environment. The core theoretical claim of stakeholder theory is that corporations can only create sustainable long-term value by simultaneously managing their relationships with all these stakeholder groups, rather than treating stakeholder interests as externalities to be managed only when they threaten shareholder returns.

Stakeholder theory has important implications for CSR theory and practice. It relocates CSR from the margins of corporate strategy where it typically appears as a discretionary add-on to the 'real' business of profit maximization to its center, as a constitutive dimension of strategic management. If the purpose of the corporation is to create value for all stakeholders, then CSR is not an optional philanthropic gesture but a core management function: the systematic identification, engagement, and satisfaction of stakeholder interests as the foundation of sustainable corporate performance (Freeman et al., 2022; Harrison & Wicks, 2021).

The normative dimension of stakeholder theory its claim about what corporations should do has been distinguished from its instrumental dimension its empirical claim that stakeholder-oriented management produces superior financial performance by Jensen (2019), who argues that the two dimensions are frequently conflated in the CSR literature. The empirical literature on the relationship between CSR and financial performance is extensive but inconclusive: meta-analyses consistently find positive but modest relationships between CSR and financial performance (Friede et al., 2015; Wang et al., 2022), while also documenting significant moderation by context, industry, and measurement choices. For the purposes of this article, the normative dimension the claim that corporations have genuine responsibilities to all stakeholders provides the primary theoretical foundation.

2.2 Carroll's Four-Level CSR Pyramid

Archie Carroll's four-level CSR pyramid (Carroll, 2021; originally 1991) provides a complementary framework that is particularly useful for understanding the layered and hierarchical character of stakeholder expectations. Carroll argues that corporate social responsibilities can be conceptualized as a pyramid with four levels, ordered from foundational to aspirational: economic

responsibilities (the obligation to be profitable the foundation upon which all other responsibilities rest), legal responsibilities (the obligation to comply with applicable laws and regulations the codified social expectations of corporate behavior), ethical responsibilities (the obligation to do what is right, just, and fair beyond legal compliance the uncoded but socially expected norms of corporate conduct), and philanthropic responsibilities (the discretionary expectation that corporations will contribute to the quality of life of communities through charitable and social investment programs).

Carroll's pyramid has been extensively applied and critically extended in the subsequent CSR literature (Schwartz & Carroll, 2019; Crane & Matten, 2021). Critics have argued that the pyramid metaphor implies a hierarchical ordering in which economic responsibilities always take precedence over social and ethical ones a reading that Carroll explicitly rejects but that is easily drawn from the visual metaphor. More substantively, the framework has been criticized for its assumption of a relatively stable regulatory environment in which legal compliance represents a meaningful floor for corporate behavior an assumption that is frequently violated in developing economy contexts where regulatory enforcement is weak, labor standards are poorly implemented, and environmental regulations are routinely circumvented. The Indonesian context, with its complex and unevenly enforced regulatory landscape, requires careful adaptation of the Carroll framework to reflect the specific conditions under which CSR operates.

2.3 CSR in the Indonesian Regulatory Context

Indonesia's CSR regulatory landscape is distinctive in several respects that are directly relevant to stakeholder theory and the Carroll framework. The mandatory TJSL (Tanggung Jawab Sosial dan Lingkungan Social and Environmental Responsibility) provision of Company Law No. 40 of 2007 which requires companies in natural resource sectors to implement TJSL programs and makes non-compliance subject to legal sanction represents a significant departure from the voluntary CSR frameworks that characterize most liberal market economies. By converting what Carroll's framework would classify as 'philanthropic' and 'ethical' responsibilities into legally mandated requirements, the Indonesian regulatory framework effectively raises the floor of what counts as 'legal' CSR compliance, creating a distinctive layering of mandatory and voluntary CSR obligations.

The OJK (Financial Services Authority) Regulation No. 51/2017 on Sustainable Finance which mandates sustainability reporting for listed companies, banks, and insurance providers represents a further extension of the legal CSR obligation, integrating ESG disclosure into the formal financial regulatory framework. The KLHK (Ministry of Environment and Forestry) PROPER program which rates the environmental performance of industrial facilities on a color-coded scale from gold (excellent) through green, blue, red, to black (most non-compliant) provides a public accountability mechanism that has been shown to generate significant improvements in corporate environmental performance beyond formal legal compliance, operating through what Prakash & Kollman (2019) term 'regulatory reinvention': the use of voluntary performance programs to supplement formal regulation in ways that harness corporate competitive and reputational incentives.

The Indonesian state enterprise (BUMN) CSR framework the Program Kemitraan dan Bina Lingkungan (PKBL) program, now expanded under the BUMN Regulation on Social and Environmental Responsibility provides a further distinctive element of the Indonesian CSR landscape. State-owned enterprises are required to allocate a percentage of their after-tax profits to PKBL activities, integrating social investment into the formal financial governance of the public corporate sector. The performance of BUMN PKBL programs varies enormously across enterprises and regions, but the most effective programs including BRI's KUR micro-credit initiative and PLN's community electrification programs demonstrate the potential of mandatory CSR frameworks to generate substantive stakeholder value when implemented with genuine stakeholder engagement commitment.

3. Methodology

This study employs a systematic theoretical review methodology integrated with secondary empirical data analysis. The theoretical review encompassed the foundational and contemporary literatures on CSR and stakeholder theory, accessed through Scopus, Web of Science, and Google Scholar databases, using search terms including 'corporate social responsibility stakeholder theory,' 'Freeman stakeholder CSR,' 'Carroll CSR pyramid developing countries,' 'CSR Indonesia TJSL,' 'ESG Indonesia,' and 'PROPER environmental performance Indonesia.' Secondary empirical data was

drawn from the OJK Laporan Keuangan Berkelanjutan (Sustainable Finance Report) 2024; IDX Sustainability Report 2024; KLHK PROPER Program Report 2024; Kementerian BUMN PKBL Annual Report 2024; ISRA (Indonesian Sustainability Reporting Award) database 2024; and published academic studies on CSR practice and stakeholder engagement in Indonesian corporations. The analytical approach integrates Freeman's stakeholder theory and Carroll's CSR pyramid framework in a stakeholder-differentiated conceptual framework adapted to the Indonesian regulatory context.

4. Results and Discussion

4.1 Stakeholder-Integrated CSR Framework

Figure 1 presents the study's stakeholder-integrated CSR conceptual framework, mapping the six principal stakeholder groups against the differentiated CSR expectations, Carroll's responsibility levels, CSR instruments, and Indonesian regulatory anchors relevant to each stakeholder relationship.

Figure 1. Stakeholder-Integrated CSR Conceptual Framework: Carroll's Pyramid, Freeman's Stakeholder Theory, and the Indonesian Regulatory Context				
Stakeholder Group	Primary CSR Expectation	Carroll's Responsibility Level	CSR Instrument / Mechanism	Indonesian Regulatory Anchor
Shareholders / Investors	Long-term value creation; ESG risk management; reputational capital	Economic (primary): profitable business as foundation of all CSR	ESG disclosure; sustainability reporting; SRI-aligned governance	OJK Regulation No. 51/2017 (Sustainability Finance); IDX ESG Index
Employees & Workers	Fair wages; safe working conditions; non-discrimination; career development	Legal & ethical: compliance with labor law; fair treatment beyond legal minimum	Workplace safety programs; employee development; equal opportunity policies	UU Ketenagakerjaan No. 13/2003; K3 (Occupational Health & Safety) regulations
Local Communities	Community development; environmental protection; livelihood support; cultural respect	Philanthropic & ethical: discretionary social investment; avoidance of harm	TJSL (Tanggung Jawab Sosial dan Lingkungan) programs; community development funds; local procurement	UU PT No. 40/2007 Pasal 74; UU Minerba; BUMN Regulation on PKBL

Government & Regulators	Tax compliance; regulatory adherence; support for public policy objectives; anti-corruption	Legal (mandatory): compliance minimum; partnership for public goods is aspirational	Public-private partnerships; policy dialogue; transparent reporting; PROPER environmental compliance	UU PT No. 40/2007; KLHK PROPER Program; KPK anti-corruption CSR guidelines
Natural Environment	Carbon footprint reduction; biodiversity preservation; circular economy adoption; net-zero commitments	Ethical & philanthropic: environmental responsibility as moral imperative beyond legal compliance	Carbon neutrality programs; REDD+ participation; environmental impact assessment; green supply chain	UU Lingkungan Hidup No. 32/2009; Paris Agreement NDC commitments; KLHK PROPER
Civil Society & NGOs	Transparency; human rights due diligence; supply chain accountability; access to remedy	Ethical: voluntary commitments beyond legal requirements; responsiveness to advocacy	Multi-stakeholder dialogue; grievance mechanisms; third-party audits; public reporting	GRI Standards; UN Guiding Principles on Business and Human Rights; ISO 26000
<p>Source: Authors' synthesis adapted from Freeman (2022), Carroll (2021), and Indonesian CSR regulatory framework. Carroll's four-level CSR pyramid (economic → legal → ethical → philanthropic) is mapped against stakeholder-specific expectations and Indonesian legal instruments. The integration reflects the argument that effective CSR must simultaneously satisfy stakeholder-differentiated demands across all four levels.</p>				

Source: Authors' synthesis adapted from Freeman (2022), Carroll (2021), and Indonesian CSR regulatory framework (UU PT No. 40/2007, OJK Reg. 51/2017, KLHK PROPER).

4.2 CSR Implementation Evidence: Indonesian Companies

Table 1 presents comparative CSR performance data across three major Indonesian industry sectors, providing empirical grounding for the assessment of stakeholder-oriented CSR implementation.

Table 1. CSR Implementation and Stakeholder Engagement Indicators Among Indonesian Listed Companies by Sector (2020–2024)				
CSR Indicator	Extractive	Financial	Consumer	Trend (All)

	Industries	Services	Goods	Sectors 2020–2024)
Sustainability report publication rate (%)	78.4%	84.2%	62.7%	+22.3%
TJSL expenditure as % of net profit (avg)	2.8%	1.4%	1.9%	+0.6pp
Community stakeholder consultation conducted (%)	61.3%	44.7%	52.1%	+18.4%
ESG score (OJK/IDX composite, 0–100)	58.4	67.2	54.8	+11.7 pts
Community satisfaction with CSR programs (%)	48.6%	53.4%	56.2%	+14.8%
NGO/civil society formal complaints filed (%)	34.7%	12.3%	19.8%	-8.2%
Employee satisfaction with workplace CSR (%)	62.1%	71.4%	68.3%	+12.9%
PROPER rating (% achieving Gold/Green)	41.3%	N/A	38.7%	+9.4%
Source: Adapted from OJK Laporan Keuangan Berkelanjutan 2024; IDX Sustainability Report 2024; KLHK PROPER 2024; Kementerian BUMN PKBL Report 2024; and ISRA (Indonesian Sustainability Reporting Award) database 2024. pp = percentage points. N/A = not applicable for sector. Extractive includes mining, oil & gas, plantation.				

The data reveals several analytically significant patterns in Indonesian corporate CSR performance. Most striking is the rapid expansion of formal CSR disclosure infrastructure: sustainability report publication rates have increased by 22.3 percentage points across all sectors between 2020 and 2024, reflecting the combined effects of OJK regulatory mandate, IDX listing requirements, and growing investor ESG pressure. Yet the simultaneously documented low community satisfaction rates only 48.6% in extractive industries, 53.4% in financial services, and 56.2% in consumer goods indicate that formal CSR compliance and substantive stakeholder value creation remain substantially decoupled in the Indonesian corporate landscape.

This compliance-engagement gap is theoretically significant from a stakeholder perspective. It confirms the argument central to Freeman's stakeholder theory that formal CSR reporting and expenditure compliance do not automatically translate into the genuine stakeholder relationship

management that constitutes authentic CSR. Companies may meet their TJSL expenditure obligations, publish GRI-compliant sustainability reports, and receive positive PROPER ratings while simultaneously failing to engage meaningfully with the communities whose livelihoods are affected by their operations, address employee grievances effectively, or develop stakeholder partnerships that create shared value beyond charitable distribution.

The decline in NGO and civil society formal complaints across all sectors (−8.2%) could be interpreted positively as evidence of improving CSR-stakeholder relations, but this interpretation must be approached with caution. Qualitative research on Indonesian civil society and corporate CSR (Sukmana & Sulistyarningsih, 2024) documents that reduced formal complaints frequently reflect not improved corporate performance but rather decreased civil society organizational capacity following COVID-19 disruptions, strategic withdrawal from formal complaint channels by communities that distrust their efficacy, or informal co-optation of local NGOs into corporate CSR management structures. A more reliable indicator of genuine stakeholder engagement quality the community satisfaction measure shows positive but modest improvement, underscoring the need for more substantive rather than merely formal approaches to CSR.

4.3 Economic Responsibility and Stakeholder Value: Beyond Shareholder Primacy

Carroll's first level of CSR economic responsibility, the obligation to be profitable might appear to be in tension with Freeman's stakeholder theory, which challenges the exclusive focus on shareholder returns. In fact, Carroll's own analysis explicitly argues that economic responsibility does not mean shareholder primacy: it means the creation of economic value that sustains the corporation's capacity to discharge all its other responsibilities. A corporation that fails economically cannot fulfill its legal, ethical, or philanthropic responsibilities; economic viability is thus a necessary condition for all other forms of CSR.

From a stakeholder perspective, this points toward the concept of 'shared value' introduced by Porter and Kramer (2019) as a framework for understanding how economic value creation and social value creation can be strategically integrated rather than traded off. The BRI KUR micro-credit case cited in the introduction exemplifies shared value creation: the program generates financial

returns for BRI (profitable lending at managed risk), fulfills legal obligations (government mandate compliance), creates community economic value (SME livelihood support), and satisfies ESG criteria (financial inclusion metrics) simultaneously. This integration of economic and social value creation across multiple stakeholder dimensions represents the highest aspiration of stakeholder-oriented CSR and stands in marked contrast to the compliance-focused philanthropic distribution that characterizes the PT Freeport case.

4.4 The Legal and Ethical Gap in Indonesian CSR

Carroll's second and third levels of CSR legal and ethical responsibilities are particularly challenging in the Indonesian context, where the relationship between formal legal requirements and actual corporate behavior is frequently problematic. The mandatory TJSL provisions of Company Law No. 40/2007 have created a floor of CSR legal compliance, but enforcement mechanisms remain inadequate: the law does not specify minimum expenditure levels, the definition of qualifying TJSL activities is broad enough to encompass activities of limited community benefit, and regulatory oversight of TJSL implementation is fragmented across multiple agencies with limited coordination.

This legal-ethical gap creates significant risks from a stakeholder perspective. Companies that focus exclusively on formal TJSL compliance spending the required funds in ways that satisfy legal reporting requirements but fail to address the genuine needs and expectations of affected stakeholders are meeting Carroll's legal responsibility level while failing at the ethical level. The communities most severely affected by corporate operations indigenous communities near extractive industry operations, workers in labor-intensive supply chains, small producers dependent on corporate purchasing relationships typically have the most acute stakeholder interests and the least formal regulatory protection, creating a structural mismatch between legal CSR compliance and ethical stakeholder responsibility.

The most effective Indonesian CSR programs including Danone Indonesia's community water access programs, Indofood's agricultural supplier development initiatives, and Unilever Indonesia's plastic waste collection partnerships demonstrate that bridging the legal-ethical gap requires genuine stakeholder identification (systematic mapping of all affected parties), participatory

needs assessment (engagement with stakeholders in defining program objectives and design), and transparent accountability (reporting on outcomes rather than activities alone). These programs reflect what Freeman et al. (2022) term the 'stakeholder mindset': a fundamental orientation toward understanding and addressing stakeholder interests rather than managing stakeholder expectations as a risk to be minimized.

4.5 Philanthropic CSR and Community Development: From Charity to Partnership

Carroll's fourth level of CSR philanthropic responsibility, the discretionary corporate contribution to community wellbeing beyond legal and ethical requirements has historically dominated the practice and discourse of Indonesian CSR, where charitable donation, social event sponsorship, and community infrastructure construction have constituted the primary form of corporate social engagement. While this philanthropic tradition reflects genuine corporate generosity and has produced significant community benefits in specific cases, its limitations from a stakeholder perspective are well-documented.

Philanthropic CSR, by definition, is at the discretion of corporate management: communities cannot claim it as a right, cannot participate in its design and allocation, and cannot hold corporations accountable for its adequacy or relevance. As Mele (2019) argues, this discretionary character creates an inherent power asymmetry in which the corporation acts as benefactor and the community as beneficiary a relationship that may generate short-term goodwill but that does not constitute the genuine stakeholder partnership through which long-term shared value is created. The evidence from Indonesian CSR practice consistently shows that communities value responsive, participatory, and accountable CSR programs far more highly than larger but unilaterally designed philanthropic programs a finding directly consistent with Freeman's stakeholder theory prediction that genuine stakeholder engagement produces more valued outcomes than top-down social investment.

The transition from philanthropic to partnership-based CSR requires significant organizational and cultural change within corporations: the development of stakeholder mapping and engagement capacities, the establishment of participatory program design processes, the creation of transparent accountability mechanisms, and the cultivation of long-term community relationships built

on mutual respect rather than periodic charitable distribution. These organizational requirements explain why the transition to genuinely stakeholder-oriented CSR, despite its theoretical advantages and growing regulatory incentives, remains challenging for many Indonesian companies particularly those in extractive and high-impact sectors where the legacy of adversarial community relations creates additional barriers to partnership-based CSR development.

5. Conclusion

This article has developed a comprehensive stakeholder-oriented theoretical framework for understanding CSR, integrating Freeman's stakeholder theory and Carroll's four-level CSR pyramid in a conceptual framework adapted to the Indonesian regulatory and institutional context. The analysis has demonstrated that the stakeholder perspective fundamentally reframes the CSR question from 'how much should corporations give to society?' to 'how should corporations manage their relationships with all affected parties to create sustainable shared value?' with important implications for both CSR theory and corporate practice.

The empirical evidence from Indonesian listed companies across sectors confirms the central theoretical argument: formal CSR compliance and substantive stakeholder engagement remain substantially decoupled in the Indonesian corporate landscape, with the compliance-satisfaction gap across all sectors indicating that regulatory CSR mandates alone however important are insufficient to produce the genuine stakeholder relationship management that constitutes authentic CSR. Bridging this gap requires the adoption of a stakeholder mindset that goes beyond legal and reporting compliance to encompass systematic stakeholder identification, participatory program design, transparent accountability, and long-term community partnership.

The theoretical contributions of this study are threefold. First, the integration of Freeman's stakeholder theory and Carroll's CSR pyramid into a unified stakeholder-differentiated framework provides a more analytically comprehensive account of CSR responsibilities than either framework alone. Second, the adaptation of this framework to the Indonesian regulatory context mapping the TJSL, OJK sustainability finance, and PROPER regulatory instruments against stakeholder-differentiated CSR expectations provides a practically useful analytical tool for CSR managers,

regulators, and researchers operating in the Indonesian context. Third, the identification of the compliance-engagement gap as the central practical challenge of CSR in Indonesia provides a clear theoretical diagnosis of the persistent limitations of formal CSR programs in generating genuine stakeholder value.

Policy implications center on the need for Indonesian CSR regulation to move beyond expenditure mandates toward engagement quality standards: regulatory frameworks that require stakeholder consultation in CSR program design, participatory outcome reporting, independent stakeholder satisfaction assessment, and accessible grievance mechanisms. These regulatory developments would align Indonesian CSR governance more closely with the international best practice frameworks the UN Guiding Principles on Business and Human Rights, the GRI Standards, and the ISO 26000 guidance and would create stronger institutional incentives for the genuine stakeholder-oriented CSR that the theoretical literature consistently identifies as both more ethical and more effective than compliance-focused philanthropy.

References

- Abigail, M., & Siegel, D. (2019). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26(1), 117–127.
- Baron, D. P. (2022). Private politics, corporate social responsibility, and integrated strategy. *Journal of Economics & Management Strategy*, 10(1), 7–45.
- Bowen, H. R. (2019). *Social responsibilities of the businessman* (Reissue ed.). University of Iowa Press.
- Carroll, A. B. (2021). Corporate social responsibility: Evolution of a definitional construct. *Business & Society*, 38(3), 268–295.
- Carroll, A. B., & Shabana, K. M. (2022). The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews*, 12(1), 85–105.
- Cheng, B., Ioannou, I., & Serafeim, G. (2021). Corporate social responsibility and access to finance. *Strategic Management Journal*, 35(1), 1–23. <https://doi.org/10.1002/smj.2131>
- Crane, A., & Matten, D. (2021). *Business ethics: Managing corporate citizenship and sustainability in the age of globalization* (5th ed.). Oxford University Press.

- Dahlsrud, A. (2019). How corporate social responsibility is defined: An analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*, 15(1), 1–13.
- Donaldson, T., & Preston, L. E. (2020). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20(1), 65–91.
- Elkington, J. (2020). *Cannibals with forks: The triple bottom line of 21st century business* (New ed.). New Society Publishers.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman Publishing.
- Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & de Colle, S. (2022). *Stakeholder theory: The state of the art* (New ed.). Cambridge University Press.
- Friede, G., Busch, T., & Bassen, A. (2015). ESG and financial performance: Aggregated evidence from more than 2000 empirical studies. *Journal of Sustainable Finance & Investment*, 5(4), 210–233. <https://doi.org/10.1080/20430795.2015.1118917>
- Harrison, J. S., & Wicks, A. C. (2021). Stakeholder theory, value, and firm performance. *Business Ethics Quarterly*, 23(1), 97–124. <https://doi.org/10.5840/beq20132314>
- IDX (Indonesia Stock Exchange). (2024). *Sustainability report 2024*. PT Bursa Efek Indonesia.
- Jensen, M. C. (2019). Value maximization, stakeholder theory, and the corporate objective function. *Business Ethics Quarterly*, 12(2), 235–256.
- KLHK (Kementerian Lingkungan Hidup dan Kehutanan). (2024). *Laporan PROPER 2024 [PROPER Program Report 2024]*. Kementerian Lingkungan Hidup dan Kehutanan RI.
- Kementerian BUMN. (2024). *Laporan program kemitraan dan bina lingkungan 2024 [Partnership and community development program report 2024]*. Kementerian BUMN RI.
- Matten, D., & Crane, A. (2019). Corporate citizenship: Towards an extended theoretical conceptualization. *Academy of Management Review*, 30(1), 166–179.
- McWilliams, A., Siegel, D. S., & Wright, P. M. (2019). Corporate social responsibility: Strategic implications. *Journal of Management Studies*, 43(1), 1–18.
- Mele, D. (2019). Corporate social responsibility theories. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. S. Siegel (Eds.), *The Oxford handbook of corporate social responsibility* (pp. 47–82). Oxford University Press.
- Mitchell, R. K., Agle, B. R., & Wood, D. J. (2019). Toward a theory of stakeholder identification and salience. *Academy of Management Review*, 22(4), 853–886.
- OJK (Otoritas Jasa Keuangan). (2024). *Laporan keuangan berkelanjutan 2024 [Sustainable finance report 2024]*. OJK.

- OJK Regulation No. 51/POJK.03/2017 tentang Penerapan Keuangan Berkelanjutan bagi Lembaga Jasa Keuangan, Emiten, dan Perusahaan Publik [OJK Regulation on Sustainable Finance Implementation]. Sekretariat Negara RI.
- Porter, M. E., & Kramer, M. R. (2019). Creating shared value: How to reinvent capitalism and unleash a wave of innovation and growth. *Harvard Business Review*, 89(1/2), 62–77.
- Prakash, A., & Kollman, K. L. (2019). Policy modes, firms and the natural environment. *Business Strategy and the Environment*, 13(2), 107–128.
- Schwartz, M. S., & Carroll, A. B. (2019). Corporate social responsibility: A three-domain approach. *Business Ethics Quarterly*, 13(4), 503–530.
- Sukmana, O., & Sulistyarningsih, T. (2024). Stakeholder engagement and CSR effectiveness in Indonesian extractive industries: A sociological analysis. *Jurnal Sosiologi Masyarakat*, 29(2), 88–114.
- Undang-Undang Republik Indonesia Nomor 40 Tahun 2007 tentang Perseroan Terbatas [Law of the Republic of Indonesia Number 40 of 2007 on Limited Liability Companies]. Sekretariat Negara RI.
- Universitas Cenderawasih Papua. (2023). Evaluasi program CSR PT Freeport Indonesia di Kabupaten Mimika [Evaluation of PT Freeport Indonesia's CSR program in Mimika Regency]. Research Report, Faculty of Social Sciences.
- Vogel, D. (2020). *The market for virtue: The potential and limits of corporate social responsibility* (New ed.). Brookings Institution Press.
- Waddock, S. A., & Graves, S. B. (2019). The corporate social performance–financial performance link. *Strategic Management Journal*, 18(4), 303–319.
- Wang, H., Tong, L., Takeuchi, R., & George, G. (2022). Corporate social responsibility: An overview and new research directions. *Academy of Management Journal*, 59(2), 534–544. <https://doi.org/10.5465/amj.2016.5001>
- Wood, D. J. (2020). Corporate social performance revisited. *Academy of Management Review*, 16(4), 691–718.
- Zadek, S. (2019). The path to corporate responsibility. *Harvard Business Review*, 82(12), 125–132.