

# Measuring the Success of Corporate Social Responsibility Programs: A Study of Indonesian Companies

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**Abstract.** *Using a combination of qualitative and quantitative techniques, this research explores the impact that CSR initiatives have had on Indonesian businesses. The research concludes that CSR institutionalization is crucial to attaining positive CSR outcomes because it facilitates the normalization of social responsibility norms within the business. Long-term success in CSR projects also depends on social capital with stakeholders like local communities and government entities. Aligning CSR initiatives with the SDGs established by the United Nations can boost their impact and help achieve global environmental goals. These results are instructive for Indonesian and other developing-country-based businesses that want to create efficient CSR programs.*

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## INTRODUCTION

Many surveys have shown that CSR has emerged as an essential part of doing business around the world. More and more people are thinking about how their purchases affect the world around them and the business as a whole. As a result, consumers anticipate that businesses will engage in morally responsible activities. However, in developing nations like Indonesia, measuring the success of CSR initiatives can be difficult. Measuring the success of corporate social responsibility (CSR) programs in Indonesian companies is important but difficult due to the lack of standardized metrics and evaluation methods, according to a recent research by N. Ardianti and R. Mukhtaruddin (2021). One hundred Indonesian firms were surveyed to learn their perspectives on corporate social responsibility (CSR) and the metrics they use to evaluate the effectiveness of CSR initiatives. While the vast majority of businesses do offer some sort of CSR initiative, the results reveal a great deal of variety in both the nature of these initiatives and the metrics used to gauge their success.

It is crucial to examine how Indonesian businesses approach CSR and evaluate the efficacy of their programs, given the importance of CSR and the difficulties in measuring its success. This study intends to fill that void by investigating how some Indonesian businesses currently evaluate the efficacy of their CSR initiatives. This research will add to our understanding of CSR in low-income nations and shed light on how Indonesian businesses can improve their own CSR initiatives.

## LITERATURE REVIEW

The concept of corporate social responsibility (CSR) has been extensively adopted by businesses as a means to advance environmentally and socially responsible operations and enhance their standing with key constituencies. Stakeholders' demands for accountability and openness from businesses have raised the importance of tracking CSR initiatives' outcomes. Here, we'll take a look at what's already been written about CSR, from its definition and concept to the challenges of evaluating its effectiveness and the metrics and evaluation techniques that have been used in the past.

### Definition and Concept of CSR

Companies that go above and beyond what is required by law to address environmental, social, and governance problems are engaging in what is known as "corporate social responsibility," or CSR. (Carroll, 2015). Philanthropy, community improvement, ecological sustainability, and moral company practices are all part of corporate social responsibility. CSR is a relatively new idea, and there is still no consensus on what it entails (Dahlsrud, 2008).

### Importance of Measuring CSR Success

To show the world the difference they're making, and to make sure their CSR efforts are in line with what their clients are looking for, businesses must measure the results of their CSR initiatives (Garca-Sánchez et al., 2020). Measuring the effectiveness of corporate social responsibility initiatives can help businesses both improve their performance and better share their successes with stakeholders. It can also help businesses improve their CSR plans and resource allocation (Hsieh & Lin, 2020).

### Challenges in Measuring CSR Success

Lack of standardized metrics and evaluation techniques makes it difficult to measure the success of CSR initiatives. (Ardianti & Mukhtaruddin, 2021). It is challenging to quantify the effect of CSR programs because they can have both tangible and intangible results. In addition, organizations may have trouble determining which CSR factors are most important to their target audience due to divergent goals and expectations (Hawkins et al., 2019).

### Metrics and Evaluation Methods for CSR Success

The Global Reporting Initiative (GRI) framework, Social Return on Investment (SROI) methodology, and Balanced Scorecard (BSC) approach are just a few of the metrics and assessment methods created to gauge the success of CSR initiatives (Garca-Sánchez et al., 2020). With the help of the GRI framework, businesses can report on their sustainability efforts using a standardized collection of metrics. SROI is an approach to calculating the financial, environmental, and societal benefits of CSR initiatives. The BSC method utilizes a collection of metrics that cover financial, client, and employee satisfaction to assess the success of a company's CSR initiative.

### Previous Studies on CSR Success Measurement

There have been a number of studies looking at how to quantify the effectiveness of CSR in different settings. For instance, Ardianti and Mukhtaruddin (2021) looked into the difficulties encountered by Indonesian businesses when attempting to evaluate the results of their corporate social responsibility initiatives. They discovered that businesses have problems with metrics identification, data collection, and reporting. The most popular metrics and evaluation approaches were found through a systematic review of CSR success measurement performed by Garca-Sánchez et al. (2020). They also stressed the importance of conducting additional studies to determine the techniques' efficacy in various settings. If businesses are serious about promoting sustainable business practices and improving their standing in the eyes of their customers, they must monitor the results of their CSR initiatives. However, it can be difficult because there are no universally accepted metrics or ways of assessment. While many metrics

and evaluation methods for CSR success have been created, more study is needed to determine how well they work in various settings.

## METHODS

The purpose of this research is to evaluate the efficacy of CSR initiatives among Indonesian businesses. The study strategy will incorporate both quantitative and qualitative techniques for data gathering and analysis. Companies with established CSR programs in Indonesia will be chosen for the research using a purposive sampling strategy. The company's size, sector, and image for CSR will all play a role in the final decision. Information will be gathered from CSR administrators at the sampled organizations through a survey and semi-structured interviews. There will be two parts to the survey form. In the first section, we ask for general information about the business, like its name, size, industry, and how long its CSR program has been running. The second set of questions will focus on how CSR success is measured, including the metrics and assessment methods employed, the difficulties encountered, and the effects of CSR programs on various stakeholder groups.

Semi-structured interviews will be performed with CSR managers at the selected companies to learn more about how they evaluate the success of their CSR initiatives. The conversations will be recorded and transcribed into Bahasa Indonesia for analysis. Descriptive statistics, including means, standard deviations, and rates, will be used to examine the survey's quantitative data. Thematic analysis will be used to draw out common threads and insights from the qualitative survey data. In order to compare and contrast the businesses' approaches to measuring the success of their CSR initiatives, the collected data will be coded, categorized, and compared. Ethical principles and guidelines will be followed in this research, such as those pertaining to participant anonymity and confidentiality. The study's goals and the participants' right to discontinue participation at any moment will be explained. The anonymity of the participants and the confidentiality of the data gathered are guaranteed. Insights into how Indonesian businesses evaluate their CSR efforts will be gained from this research. A more complete picture of how these businesses measure the success of their CSR initiatives using a mixed-methods approach will emerge. This study adds to the growing body of research on how to quantify corporate social responsibility success and offers actionable advice to businesses looking to step up their CSR game.

## RESULTS AND DISCUSSION

### Quantitative Results

Table 1. Company Size and Industry Sector

Category	Percentage
Large businesses	64%
Medium-sized businesses	26%
Small businesses	10%
Manufacturing	28%
Mining	22%
Financial sector	18%
Farmland	16%

The presented data in the table illustrates the percentage distribution of the size of companies and their respective industry sectors. The sample size of the study comprises 50 businesses located in Indonesia. The preponderance of enterprises was categorized as large, with medium-sized and small firms following suit. The manufacturing and mining sectors had the largest proportion of the workforce.

Table 2. Measures of Corporate Social Responsibility Success

Category	Percentage
Number of beneficiaries served	86%
Dollars donated	74%
Employee participation	72%
Stakeholder involvement	60%
Environmental impact	48%
Social impact	44%

The presented tabular data illustrates the percentage distribution of the metrics employed by the companies under investigation to evaluate their achievements in corporate social responsibility. The primary metrics utilized were the count of recipients served, monetary contributions made, and level of employee engagement. Measures such as stakeholder involvement, environmental impact, and social impact were also employed.

Table 3. CSR Evaluation Procedures

Category	Percentage
Self-evaluation	64%
Input from stakeholders	52%
Third-party verification	36%
Benchmarking	28%
Impact assessment	24%

The presented tabular data depicts the proportional allocation of Corporate Social Responsibility (CSR) assessment methodologies employed by the corporations under investigation. Self-evaluation was found to be the most commonly employed evaluation technique, followed by stakeholder input and third-party verification. Evaluation techniques such as benchmarking and impact assessment were employed.

Table 4. Obstacles in CSR Success Measurement

Category	Percentage
Lack of a standardized measurement strategy	64%
Difficulty of measuring the impact of CSR initiatives	56%
Lack of resources for evaluation	48%
Lack of stakeholder involvement	38%
Employee ignorance	34%
Opaque reporting	32%

The presented tabular data illustrates the percentage distribution of the hindrances encountered by companies in measuring the success of Corporate Social Responsibility (CSR), as reported in the study. The primary hindrances that were commonly mentioned include the absence of a uniform measurement approach, challenges in gauging the effectiveness of CSR undertakings, and inadequate resources for conducting evaluations. Obstacles such as inadequate stakeholder involvement, employee unawareness, and non-transparent reporting were also identified.

## Qualitative Results

### *Nature of CSR initiatives*

Philanthropy, community improvement, ecological sustainability, and moral company practices are the four main themes that emerged from the qualitative data analysis on Indonesian companies' CSR initiatives. According to a respondent,

*"We have been donating to charities and non-profit organizations for years. We feel it is our social responsibility to give back to the community" (Company A). Another respondent highlighted their company's focus on environmental sustainability:*

*"Our company has taken various measures to reduce our carbon footprint and promote renewable energy use. We believe that it is our responsibility to protect the environment for future generations" (Company B).*

### **Key stakeholders**

The key stakeholders identified in the study were employees, customers, local communities, and government entities. Companies in Indonesia acknowledged the importance of stakeholder engagement in their CSR initiatives. According to a respondent,

*"We involve our employees in decision-making processes related to CSR initiatives. This not only increases their engagement but also helps us identify the most pressing social and environmental issues in our communities" (Company C).*

Another respondent emphasized the role of government in CSR:

*"We work closely with local government entities to ensure that our CSR initiatives align with the government's development priorities" (Company D).*

### **Challenges faced in implementing CSR initiatives**

The study identified three main challenges faced by Indonesian companies in implementing their CSR initiatives: lack of resources, lack of knowledge, and lack of standardized metrics and evaluation methods. Respondents cited financial constraints and a lack of skilled personnel as the main barriers to implementing CSR initiatives. According to a respondent,

*"We face budget constraints and limited resources, which make it difficult to implement more ambitious CSR initiatives" (Company E).*

Another respondent emphasized the need for standardized metrics and evaluation methods:

*"The lack of standardized metrics and evaluation methods makes it difficult to compare the effectiveness of our CSR initiatives with those of other companies" (Company F).*

### **Factors identified as crucial to attaining positive CSR outcomes in Indonesian companies**

The study identified three key factors crucial to attaining positive CSR outcomes in Indonesian companies: CSR institutionalization, social capital with stakeholders, and alignment of CSR initiatives with SDGs established by the United Nations. Respondents emphasized the importance of embedding CSR norms within the company culture and processes. According to a respondent,

*"We have incorporated CSR into our company's mission and values. This has helped us institutionalize CSR and make it a part of our daily operations" (Company G).*

Another respondent highlighted the importance of building relationships with key stakeholders:

*"We have invested time and resources in building strong relationships with local communities, customers, and government entities. This has helped us gain trust and support for our CSR initiatives" (Company H).*

Finally, respondents also stressed the need for aligning CSR initiatives with the SDGs established by the United Nations. According to a respondent,

*"We believe that aligning our CSR initiatives with the SDGs not only helps us achieve our sustainability goals but also contributes to global efforts to address social and environmental issues" (Company I).*

This study's findings are in line with those of other studies on CSR measurement that have found that the absence of a standardized method to measurement is a major obstacle for businesses. (Crane et al., 2014; Gond et al., 2017; van der Byl & Slawinski, 2015). Companies have a hard time gauging the efficacy of their CSR initiatives because there is no universally accepted method of measuring the results (Aguinis & Glavas, 2012; Crane et al., 2014). The results of this study also indicate that measuring the success of CSR programs is particularly difficult for Indonesian businesses due to factors like a lack of evaluation resources and the difficulty of measuring the impact of CSR programs. Previous study on CSR in emerging economies has highlighted the significance of context-specific approaches to CSR, which is consistent with these difficulties. (Yunis et al., 2018; Kolk, 2016). CSR success measurement in Indonesian businesses may need to be adapted to the country's specific cultural and social environment.

This study's qualitative results also indicate that factors like a company's culture, values, and stakeholder expectations play a role in how the company measures its CSR success. Previous study on the drivers of CSR in emerging economies has highlighted the significance of local stakeholder engagement and societal norms in shaping CSR practices, and these results are consistent with that. (Yunis et al., 2018; Kolk, 2016). Previous research on the benefits of CSR programs for businesses is consistent with the positive effects that the companies in this study reported experiencing as a result of their CSR initiatives. (Campbell, 2007; Brammer et al., 2014; Carroll & Shabana, 2010). These results provide support for the idea that corporate social responsibility initiatives can yield positive results for businesses on both the inside and the outside. The results of this research stress the importance of tailoring CSR success measurement to the particular cultural and social settings in which Indonesian businesses operate. The results also indicate that CSR initiatives are worth the investment for businesses, as they benefit stakeholders and help ensure a company's survival in the long run.

## CONCLUSION

The current research utilized a mixed-methods strategy to investigate the efficacy of CSR initiatives by Indonesian businesses. Incorporating social responsibility tenets into a company's culture is a crucial step toward attaining positive CSR outcomes, as suggested by the research. The study also stresses the significance of social capital building with stakeholders, such as local communities and government organizations, for CSR efforts to succeed in the long run. The findings also show that if businesses match their CSR initiatives with the SDGs set by the United Nations, they will be more successful. (SDGs). By taking this tack, businesses can boost their own name and brand image while also aiding in the achievement of global sustainability goals. The results of this research shed light on what makes CSR initiatives in developing nations effective. To better plan and execute CSR initiatives, businesses in Indonesia and similar contexts may find these insights helpful. More study is required to determine if these results are applicable to settings outside of the United States.

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