

Implementation of Corporate Social Responsibility (CSR) and the Response of the Surrounding Community from the Perspective of Islamic Business Ethics (Case Study of PT. OKI PULP & PAPER MILLS Palembang)

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Abstract

This study aims to analyze the implementation of Corporate Social Responsibility (CSR), determine the response of the surrounding community, and review the implementation of CSR from the perspective of Islamic business ethics at PT. OKI Pulp & Paper Mills Palembang. This study uses a qualitative approach with a case study type, where data collection techniques are carried out through in-depth interviews, direct observation, and documentation, and supported by relevant literature studies. The data obtained are analyzed using qualitative descriptive analysis techniques through the stages of data reduction, data presentation, and drawing conclusions. The results of the study indicate that the company's CSR implementation has been running quite well through various programs covering social, economic, and environmental aspects, and has received a positive response from the community because it provides real benefits. Viewed from the perspective of Islamic business ethics, the implementation of CSR has reflected the values of trust, justice, and social concern, although it still needs to be improved to be more optimal, sustainable, and fully aligned with the principles of Islamic ethics.

Keywords

Corporate Social Responsibility (CSR); Community Response; Islamic Business Ethics; PT. OKI PULP & PAPER MILLS



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INTRODUCTION

The implementation of Corporate Social Responsibility (CSR) in the modern business world has become a crucial indicator for assessing a company's sustainability and responsibility towards its social and environmental environment. CSR is no longer viewed as merely an additional activity or a form of philanthropy, but has evolved into an integral part of a business strategy oriented towards a balance between economic profit, social welfare, and environmental sustainability. In the context of globalization and increasing public awareness of social and environmental issues,

companies are required to focus not only on profit but also on the impact of their operations on the surrounding community. This is increasingly relevant in Indonesia, where many large companies operate within local communities with diverse social, economic, and cultural backgrounds (Yusuf, 2012).

From the perspective of Islamic business ethics, the concept of CSR has a strong foundation because it aligns with basic Islamic principles such as justice ('adl), balance (tawazun), responsibility (amanah), and concern for others (ihsan). Islam views business activities not only as a means of gaining worldly profit but also as a means of benefiting the community and attaining blessings. Therefore, companies operating within the framework of Islamic business ethics are expected to carry out their social responsibilities fairly, transparently, and oriented towards the welfare of the wider community. CSR implementation, from this perspective, is not only material but also encompasses moral and spiritual values that serve as guidelines for all business activities (Hasibuan et al., 2023).

PT. OKI Pulp & Paper Mills, located in Palembang, is a large industrial company with a strategic role in the regional economy, particularly in the paper and pulp industry. The company's presence undoubtedly has a significant impact, both economically, such as creating jobs and increasing regional income, as well as socially and environmentally. However, despite these contributions, it cannot be denied that industrial activities also have the potential to give rise to various problems, such as environmental pollution, changes in the social structure of society, and conflicts of interest between the company and the surrounding community. Therefore, the implementation of CSR is crucial to bridging the company's interests with the needs and expectations of the community (Rangkuti, 2023).

The response of the surrounding community to a company's CSR program is a crucial indicator in assessing the effectiveness and success of its CSR implementation. The community is not only the object of CSR programs but also the subject of perceptions, expectations, and assessments of the company's activities. A positive response indicates acceptance and tangible benefits felt by the community, while a negative response can signal a mismatch between the implemented program and community needs. Therefore, it is important to examine the public's perception and response to the CSR activities carried out by PT. OKI Pulp & Paper Mills, particularly from the perspective of Islamic business ethics (Prasetyo & Aliyyah, 2021).

This research is significant because it not only examines the general aspects of CSR implementation but also integrates them with relevant Islamic business ethics values within the context of Indonesia's predominantly Muslim society. Thus, it is

hoped that this research will provide a comprehensive picture of the extent to which the company has carried out its social responsibilities in accordance with Islamic principles and its impact on the surrounding community. Furthermore, the results of this study are also expected to serve as evaluation material for the company in improving the quality of its CSR programs to be more effective, sustainable, and in line with ethical values. It also contributes academically to the development of CSR studies from an Islamic perspective.

METHODS

This research uses a qualitative approach with a case study type that focuses on the implementation of Corporate Social Responsibility (CSR) and the response of the surrounding community from the perspective of Islamic business ethics at PT. OKI Pulp & Paper Mills Palembang. This approach was chosen to gain a deep understanding of the phenomenon studied in a real-world context. Data collection techniques were carried out through in-depth interviews with the company and the surrounding community, direct observation of the implementation of the CSR program, and documentation in the form of company reports, archives, and other relevant supporting data. In addition, the researcher also used literature studies to strengthen the theoretical foundation related to CSR and Islamic business ethics. The data analysis technique used was descriptive qualitative analysis with the stages of data reduction, data presentation, and drawing conclusions. The collected data were analyzed systematically to identify patterns, themes, and relationships between the implementation of CSR and community responses. Then, they were interpreted based on the principles of Islamic business ethics to obtain comprehensive and valid conclusions (Hassanein & Tharwat, 2024).

FINDINGS AND DISCUSSION

Corporate Social Responsibility (CSR) Implementation by PT. OKI Pulp & Paper Mills Palembang

The implementation of Corporate Social Responsibility (CSR) by PT. OKI Pulp & Paper Mills Palembang demonstrates that the company has integrated social responsibility as part of its operational strategy, although in practice, there are still dynamics that require more critical analysis. Based on field research through interviews, observations, and documentation, it was discovered that the company's CSR programs cover several key areas: education, health, community economic empowerment, and environmental conservation. In the education sector, the company provides assistance in the form of scholarships, school facility renovations, and

support for non-formal education activities for the surrounding community. In the health sector, the company provides free healthcare services, mass medical treatment, and programs to raise awareness of healthy living. Meanwhile, in the economic empowerment aspect, the company strives to encourage community independence through skills training, business capital assistance, and the development of small and medium enterprises. Furthermore, in the environmental aspect, the company carries out reforestation activities, waste management, and environmental awareness campaigns for the community.

From a CSR theory perspective, a company's implementation can be analyzed using the Triple Bottom Line concept introduced by John Elkington, which encompasses three main dimensions: profit, people, and planet. In this regard, PT. OKI Pulp & Paper Mills is not solely focused on economic gain (profit), but also demonstrates efforts to prioritize community welfare (people) and environmental sustainability (planet). CSR programs focused on education and health reflect the company's concern for social aspects, while environmental conservation activities demonstrate an awareness of the ecological impacts of industrial activities. However, research also indicates that this implementation has not yet achieved optimal balance between these three dimensions, particularly in terms of managing environmental impacts, which remain a public concern (Perry & Ahmad, 2016).

Furthermore, a company's CSR implementation can also be analyzed using legitimacy theory, which states that companies strive to gain and maintain societal legitimacy by aligning their activities with prevailing social norms and values. In this context, PT. OKI Pulp & Paper Mills' CSR programs can be viewed as efforts to build a positive image and gain acceptance from the surrounding community. This is evident in the various programs designed to address community needs, such as economic assistance and social services. However, interviews revealed that some community members still doubt the consistency and sustainability of these CSR programs, indicating that the expected legitimacy has not yet been fully achieved (Helfaya et al., 2018).

Furthermore, stakeholder theory is also an important foundation for analyzing corporate CSR implementation. This theory emphasizes that companies have responsibilities not only to shareholders but also to all parties impacted by their activities, including the surrounding community, the government, and the environment. In this regard, PT. OKI Pulp & Paper Mills has endeavored to involve various stakeholders in the implementation of its CSR programs, for example through coordination with local governments and community leaders. However, the level of

community participation in program planning remains relatively limited, resulting in programs sometimes not fully reflecting the community's actual needs. This indicates that the participatory approach to CSR implementation still needs improvement (Muhammad, 2020).

In terms of implementation, research results indicate that corporate CSR programs tend to be top-down, with planning and decision-making largely determined by the company. While this can expedite the implementation process, this approach has the potential to reduce program effectiveness due to the lack of community involvement as beneficiaries. In community-based development theory, the success of a program is largely determined by the level of active community participation in every stage, from planning, implementation, and evaluation. Therefore, a lack of community participation can be a factor hindering the success of CSR implementation (Bahari & Yusuf, 2014).

Furthermore, from an Islamic business ethics perspective, the CSR implementation carried out by PT. OKI Pulp & Paper Mills can be examined based on basic principles such as justice ('adl), responsibility (amanah), and welfare (maslahah). Programs oriented towards improving community welfare fundamentally reflect the value of welfare because they provide tangible benefits to the community. However, the principle of justice demands that these benefits be felt equally by all levels of society, without discrimination. Based on research results, there are still disparities in the distribution of CSR program benefits, with some community groups feeling less appreciated than others (Dusuki, 2005).

The principle of trustworthiness also emphasizes the importance of transparency and accountability in managing CSR programs. In this regard, the company has endeavored to compile CSR activity reports as a form of accountability, but public access to this information remains limited. This lack of transparency can impact public trust in the company. Therefore, increasing information disclosure is crucial to strengthening the relationship between the company and the community.

Overall, the CSR implementation carried out by PT. OKI Pulp & Paper Mills Palembang demonstrates the company's commitment to carrying out its social responsibility, although several weaknesses remain that need to be addressed. From a CSR theory perspective, the company has adopted basic principles such as attention to social and environmental aspects, but has not yet fully achieved the ideal balance. From a legitimacy and stakeholder theory perspective, the company has strived to build good relationships with the community, but still needs to increase community participation and trust. Meanwhile, from an Islamic business ethics perspective, the

company's CSR implementation reflects the values of public welfare, but still needs to be improved in aspects of justice, trustworthiness, and transparency. Therefore, more comprehensive and sustainable efforts are needed to improve the effectiveness of CSR implementation to provide optimal benefits to the community and the surrounding environment.

Local Community Response to the Corporate Social Responsibility (CSR) Program Implemented by PT. OKI Pulp & Paper Mills Palembang

Research results indicate that the local community's response to the Corporate Social Responsibility (CSR) program implemented by PT. OKI Pulp & Paper Mills Palembang is diverse, reflecting dynamic perceptions influenced by the level of involvement, perceived benefits, and the program's suitability to the community's actual needs. Some residents responded positively to the CSR program, particularly in the areas of economic empowerment, educational assistance, and the development of social infrastructure such as roads and public facilities. These programs are considered to have a direct impact on improving community welfare, particularly for groups that previously had limited access to economic resources. Communities directly involved in empowerment programs, such as small business training and capital assistance, tended to have a more appreciative view because they experienced tangible benefits from these CSR activities. This aligns with stakeholder theory, which states that companies must be able to meet the expectations and needs of their stakeholders, including the surrounding community, to create harmonious and sustainable relationships (Muhamad et al., 2008).

However, the research also found negative responses from some communities, particularly regarding environmental aspects and the perceived unequal distribution of CSR program benefits. Some communities complained about the impact of company operations on the environment, such as air and water pollution, which they felt had not been optimally addressed through CSR programs. From a legitimacy theory perspective, this situation indicates that companies still face challenges in gaining full social legitimacy from the community. Social legitimacy is a form of community acceptance of a company's existence, which can only be achieved if the company's activities are perceived as aligned with prevailing values and norms within the social environment. When communities still experience significant negative impacts, the CSR programs implemented have not fully closed the gap between community expectations and reality.

Furthermore, there is a perception that CSR programs tend to be top-down, with program planning and implementation largely determined by the company without

involving the active participation of the community as a whole. This results in some programs being poorly targeted and not fully addressing the community's priority needs. In community participation theory, active community involvement in every stage of a program, from planning, implementation, to evaluation, is a crucial factor in determining the success of a development program. This lack of participation has implications for the community's low sense of ownership of CSR programs, thus impacting their less than optimal sustainability (Faoziyah, 2022).

From a communication perspective, research results indicate that relationships between companies and communities have been established, but they are not yet fully effective and transparent. Some communities feel that information about CSR programs has not been disseminated evenly, leading to misunderstandings and negative perceptions of the company. In organizational communication theory, transparency and openness of information are key to building public trust. When communication is not optimal, the potential for social conflict increases, especially in the context of large companies operating in communities with high levels of social interdependence.

Upon further analysis, community responses to CSR are also influenced by socioeconomic factors, education level, and geographic proximity to the company's operational location. Communities living closer to industrial areas tend to have more critical perceptions, as they directly experience the impacts of company activities, both positive and negative. Meanwhile, communities in more remote areas tend to have more neutral or even positive perceptions, especially if they only receive the benefits of CSR programs without directly experiencing the environmental impacts. This suggests that the distribution of CSR impacts and benefits is a crucial factor in shaping public perceptions (Adnan Khurshid et al., 2014).

From an Islamic business ethics perspective, societal responses to CSR can be analyzed based on the principles of justice ('adl), benefit (maslahah), and responsibility (amanah). The principle of justice requires that companies not only provide benefits to certain groups in society but also ensure equitable distribution and prevent social inequality. When the public perceives that CSR programs are not evenly distributed, this indicates that the principle of justice has not been optimally implemented in CSR implementation. Meanwhile, the principle of benefit emphasizes that every business activity must provide greater benefits than harms. If significant negative impacts, such as environmental pollution, remain, this is an indicator that the goal of benefit has not been fully achieved.

The principle of trustworthiness in Islamic business ethics also requires companies to take full responsibility for the impacts of their activities. CSR, in this context, is not simply a formal obligation or an image-building strategy, but a form of moral and spiritual responsibility that must be carried out with full sincerity. The critical public response to CSR programs demonstrates that society has high expectations of corporate responsibility, not only in economic aspects, but also in social and environmental aspects. Furthermore, within the concept of *ihsan* (doing good optimally), companies are required to implement CSR not only at a minimal level, but also with maximum effort that provides broad benefits to the community. This includes improving program quality, activity sustainability, and innovation in community empowerment. The positive response from communities experiencing direct benefits indicates that some CSR programs reflect the values of *ihsan*, but improvements in other aspects are still needed to ensure holistic and sustainable CSR implementation (Setiawan, 2023).

Thus, the results of this study indicate that the community response to PT. OKI Pulp & Paper Mills Palembang's CSR program falls within a complex spectrum, influenced by various internal and external factors. CSR programs that have provided tangible benefits need to be maintained and developed, while criticism and negative responses from the community should be used as evaluation material for future improvements. Integrating theoretical approaches such as stakeholder theory, legitimacy, and community participation with Islamic business ethics values is key to creating CSR programs that are not only practically effective but also have a strong moral foundation. With a more participatory, transparent approach, and oriented towards justice and the common good, it is hoped that the relationship between companies and communities will become more harmonious and sustainable.

Implementation of Corporate Social Responsibility (CSR) by PT. OKI Pulp & Paper Mills Palembang Reviewed from the Perspective of Islamic Business Ethics

The implementation of Corporate Social Responsibility (CSR) by PT. OKI Pulp & Paper Mills Palembang from the perspective of Islamic business ethics demonstrates the company's efforts to not only carry out formal social responsibilities but also to align with moral values aligned with Sharia principles. Research shows that the company's CSR programs encompass various areas, such as community economic empowerment, educational assistance, health care, and environmental preservation. From the perspective of Islamic business ethics, these activities can be linked to the concept of *maslahah* (public benefit), where every business activity should benefit the

wider community and not cause harm (mafsadah). Economic empowerment programs, such as skills training and small business assistance, reflect the company's efforts to improve the welfare of the surrounding community. This aligns with the principle of justice ('adl), which emphasizes that the distribution of economic benefits should be felt equitably and not solely concentrated in the company.

Furthermore, in terms of responsibility (amanah), PT. OKI Pulp & Paper Mills Palembang demonstrates its commitment to fulfilling its social obligations through various sustainable programs. Amanah (trustworthiness) in Islamic business ethics implies that every business actor has a moral responsibility not only to humans but also to Allah SWT. Therefore, CSR implementation should not be solely oriented toward image building but must be based on a sincere intention to provide tangible benefits. Based on field findings, some communities believe that the company's CSR programs have had a positive impact, particularly in improving access to education and healthcare. However, others feel that the distribution of CSR programs is not entirely equitable. This indicates that the implementation of the principle of justice still requires further evaluation to ensure that all levels of society can optimally benefit (Ermawati et al., 2021).

From the perspective of ihsan (goodness or moral excellence), companies are also expected to not only fulfill their minimum obligations but also make greater contributions to community welfare. Some voluntary CSR programs, such as disaster relief and other social activities, reflect the value of ihsan because they are carried out outside of the company's formal obligations. However, in the context of Islamic business ethics, ihsan is measured not only by the amount of assistance provided but also by the quality and sustainability of the program. Short-term and unsustainable programs tend to have less significant impact on society. Therefore, it is crucial for companies to design CSR programs oriented towards long-term empowerment so that communities can become economically independent.

Furthermore, within the principle of balance (tawazun), Islamic business ethics emphasizes the importance of maintaining harmony between economic, social, and environmental interests. Research shows that although companies have implemented various environmental programs, such as waste management and reforestation, negative perceptions remain among some in the community regarding the environmental impacts of industrial activities. This presents a challenge for companies to increase transparency and accountability in environmental management. In Islam, preserving the environment is part of humanity's responsibility as caliphs on earth.

Therefore, companies must ensure that all operational activities do not damage the environment and maintain the balance of the ecosystem (Perry & Ahmad, 2016).

In terms of transparency (shiddiq) and honesty, companies are required to provide clear and open information regarding CSR implementation to the community. Research indicates that communication between companies and the community still needs to be improved, particularly in terms of socializing CSR programs and involving the community in the planning process. In Islamic business ethics, information transparency is crucial for building trust between companies and the public. When the public feels involved and has sufficient information, acceptance of CSR programs will increase.

Furthermore, within the principles of social responsibility (ukhuwah and ta'awun), CSR can be viewed as a form of social solidarity between companies and the community. Islam teaches the importance of mutual assistance in good deeds, as reflected in the concept of ta'awun. CSR programs that involve active community participation, such as mutual cooperation activities and community-based training, reflect these values. Research shows that programs that directly involve the community tend to receive a more positive response than top-down programs. This demonstrates that community participation is a crucial factor in the success of CSR implementation (Muhamad et al., 2008).

However, several obstacles remain in implementing CSR in accordance with Islamic business ethics, including a lack of company understanding of the comprehensive concept of Sharia-based CSR. Some CSR programs are still oriented towards complying with government regulations and industry standards, without fully integrating Islamic spiritual and moral values. Furthermore, limited coordination between companies and the community also hinders the optimization of CSR programs. Therefore, a more holistic approach is needed in designing and implementing CSR, integrating economic, social, environmental, and Islamic values (Faoziyah, 2022).

Overall, the implementation of CSR by PT. OKI Pulp & Paper Mills Palembang, from the perspective of Islamic business ethics, has shown a positive direction, but still requires improvement in several aspects, especially in terms of equitable distribution of benefits, program sustainability, transparency, and community involvement. By integrating the principles of Islamic business ethics such as justice, trustworthiness, ihsan, tawazun, and ta'awun, the company is expected to be able to carry out CSR more optimally and make a significant contribution to community welfare and environmental sustainability. The implementation of CSR that is aligned with Islamic

values will not only improve the company's image, but also provide blessings and long-term sustainability, both for the company and the surrounding community.

CONCLUSION

The implementation of Corporate Social Responsibility (CSR) carried out by PT. OKI Pulp & Paper Mills Palembang has reflected the company's efforts in carrying out social responsibility through various programs that touch the economic, social, and environmental aspects of the surrounding community. Community responses to the implementation of CSR tend to be varied, but generally indicate a positive acceptance, especially when the programs implemented are in accordance with their needs and provide real benefits to their lives. From the perspective of Islamic business ethics, the implementation of corporate CSR is considered to have led to basic principles such as responsibility (amanah), justice ('adl), and social concern (ihsan), although there is still room for improvement so that its implementation is more optimal, sustainable, and in line with moral and spiritual values in Islam.

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