

CSR and Sustainability of the Palm Oil Industry in Riau Province

by PASCASARJANA UIR

Submission date: 20-Jan-2025 08:30AM (UTC+0700)

Submission ID: 2567258185

File name: SINTA_2_2023.pdf (212.87K)

Word count: 7442

Character count: 44694

1

Aspirasi: Jurnal Masalah-Masalah Sosial | Volume 14 No 2, December 2023
ISSN: 2086-6305 (print) ISSN: 2614-5863 (electronic)
<https://doi.org/10.46807/aspirasi.v14i2.4128>
link online: <http://jurnal.dpr.go.id/index.php/aspirasi/index>

CSR and Sustainability of the Palm Oil Industry in Riau Province

CSR dan Keberlanjutan Industri Minyak Kelapa Sawit di Provinsi Riau

Made Devi Wedayanti,¹ Selvi Harvia Santri,² Afrinaldy
Rustam,³ Tawakkal Baharuddin,⁴ Moris Adidi Yogya,⁵
& Bobby Indra Pulungan⁶

¹madedeviwedayanti@soc.uir.ac.id (corresponding author)
Department of Public Administration, Universitas Islam Riau
Jl. Kaharuddin Nasution No. 113, Pekanbaru, Riau, 28284, Indonesia

²selviharviasantri@law.uir.ac.id
Department of Law, Universitas Islam Riau
Jl. Kaharuddin Nasution No. 113, Pekanbaru, Riau, 28284, Indonesia

³ocu_1974@yahoo.com
Department of Public Administration, Universitas Islam Negeri Sultan Syarif Kasim
Jl. HR. Soebrantas, Pekanbaru, Riau 28293, Indonesia

⁴tawakkalbaharuddin21@yahoo.com
Department of Government Science, Universitas Muhammadiyah Makassar
Jl. Sultan Alauddin, Makassar, South Sulawesi 90221, Indonesia

⁵moris.adidiy@gmail.com
Department of Administrative Science, Universitas Islam Riau
Jl. Kaharuddin Nasution No. 113, Pekanbaru, Riau, 28284, Indonesia

⁶bipulungan93@gmail.com
Department of Government Science, Universitas Islam Riau
Jl. Kaharuddin Nasution No. 113, Pekanbaru, Riau, 28284, Indonesia

Received: October 15, 2022 | Revised: December 22, 2022 | Published: December 31, 2023

Abstrak: Keberlanjutan industri minyak kelapa sawit menjadi isu yang kompleks dan kontroversial, mengingat dampaknya terhadap lingkungan dan sosial. Penelitian ini menggali praktik corporate social responsibility (CSR) dalam konteks keberlanjutan industri minyak kelapa sawit di Provinsi Riau. Dengan menggunakan metodologi kualitatif, penelitian ini melakukan tinjauan pustaka komprehensif yang mengutip beragam sumber seperti jurnal akademis, situs web, dan laporan resmi pemerintah terkait CSR dan keberlanjutan sektor minyak kelapa sawit. Analisis dilakukan dengan memanfaatkan Nvivo 12 Plus sebagai alat kunci. Temuan penelitian menerangi beragam pendekatan CSR yang diadopsi oleh perusahaan minyak kelapa sawit di Provinsi Riau, meliputi praktik pertanian berkelanjutan, perlindungan integritas lingkungan dan keanekaragaman hayati, pemberdayaan masyarakat, penguatan infrastruktur dan akses ke layanan penting, penerapan standar transparansi dan sertifikasi, serta investasi dalam riset dan inovasi. Implementasi inisiatif CSR memainkan peran penting dalam memajukan keberlanjutan industri minyak kelapa sawit di wilayah ini. Inisiatif ini menjadi mekanisme penting untuk mengurangi



This is an open-access article under Creative Commons
Attribution-NonCommercial-ShareAlike License
<https://creativecommons.org/licenses/by-nc-sa/4.0/deed.id>

1

dampak lingkungan yang merugikan, meningkatkan kesejahteraan masyarakat lokal, memupuk kepercayaan di kalangan pemangku kepentingan, dan mendorong pembangunan ekonomi yang berkelanjutan. Namun, perlu diakui bahwa implementasi program CSR masih memiliki tantangan, sehingga Dewan Perwakilan Rakyat (DPR) sebaiknya mendorong pemerintah untuk menerapkan regulasi yang mendukung serta menerapkan pengawasan yang ketat.

Kata kunci: kebijakan pemerintah; praktik berkelanjutan; industri kelapa sawit; corporate social responsibility

Abstract: The sustainability of the palm oil industry stands as a multifaceted and contentious matter, given its profound environmental and social repercussions. This study delves into corporate social responsibility (CSR) practices within the context of the sustainability of the palm oil industry in Riau Province. Employing a qualitative methodology, this research conducts a comprehensive literature review drawing from diverse sources such as academic journals, websites, and official government reports concerning CSR and the sustainability of the palm oil sector. The analysis leverages Nvivo 12 Plus as a key tool. The research findings illuminate a varied landscape of CSR approaches adopted by palm oil companies in Riau Province, encompassing sustainable agricultural practices, safeguarding environmental integrity and biodiversity, fostering community empowerment, bolstering infrastructure and access to crucial services, embracing transparency and certification standards, and investing in research and innovation. Notably, the implementation of CSR initiatives plays a pivotal role in advancing sustainability within the palm oil industry in this region. These initiatives serve as crucial mechanisms for mitigating adverse environmental impacts, uplifting local communities, cultivating trust among stakeholders, and fostering sustainable economic development. However, it must be acknowledged that the implementation of this CSR program presents challenges, the Indonesian House of Representatives should motivate the government to implement accommodative regulations and supervisory measures.

Keywords: corporate social responsibility; government policy; palm oil industry; sustainable practices

Introduction

Indonesia's palm oil industry has become a critical sector in the country's economy (Maluin et al., 2020). However, the sustainability of the palm oil industry is a complex and controversial issue due to the resulting environmental and social impacts (Abdul-Hamid et al., 2022). Expansion of oil palm plantations often involves deforestation, especially in tropical forests, which are rich in biodiversity (Paterson & Lima, 2018). This can cause wildlife habitat loss and disrupt natural ecosystems (Laurance et al., 2014). To maintain sustainability, it is necessary to have policies and actions that encourage environmental conservation, including efforts to restore forests and protect ecologically significant areas (Naidu & Moorthy, 2021). In addition, deforestation to make room for oil palm plantations often results in soil degradation and water pollution. It is essential to adopt sustainable land management practices, including appropriate technologies to reduce soil erosion, efficient use of fertilizers, and good waste management (Monteiro De Carvalho et al., 2015).

It is known that the Indonesian palm oil industry has a crucial impact on the country's economic development. However, the issue of sustainability is an aspect that requires serious attention, especially in terms of environmental and social aspects. Deforestation resulting from the expansion of oil palm plantations creates signif-

1
icant challenges for biodiversity and natural ecosystems, giving rise to the need for policies that support environmental conservation. Additionally, negative impacts on soil quality and water resources require a sustainable land management approach. On the other hand, the emphasis on sustainable practices, including forest restoration and protection of ecological areas, signals an attempt to strike a balance between economic sustainability and environmental protection. This requires many responses from various parties, one of which is from the companies involved. This can be done with corporate social responsibility (CSR) (Limaho et al., 2022).

CSR is a business approach that integrates social, environmental, and economic considerations in company operations (Karwowski & Raulinajtys-Grzybek, 2021). In the context of the palm oil industry in Indonesia, CSR can play an essential role in maintaining the sustainability of this industry. The palm oil industry has a significant environmental impact. In order to maintain sustainability, companies need to adopt CSR practices that focus on environmental conservation (Sorsa & Fougère, 2021). For example, companies can invest in programs to restore forests, maintain water quality, and protect biodiversity. CSR can also involve using more environmentally friendly technologies in palm oil production (Phochanikorn & Tan, 2019). Companies can implement CSR programs that empower local communities, such as skills training, building infrastructure, or increasing access to education and health services (Montiel et al., 2021; Sun et al., 2019). This can help improve the quality of life and welfare of the people who live around oil palm plantations.

Research that analyzes the concept of CSR has been found very much. However, it still needs to be found to find specific and simultaneous research results relating this topic to the problem of the sustainability of the palm oil industry in Indonesia, especially in Riau Province. However, some literature is still considered to support the analysis in this study. First, one of CSR's primary functions is to positively impact the community and the environment around the company. Through CSR programs and initiatives, companies can improve social conditions, support sustainable economic development, and preserve the environment (Bardos et al., 2020). Second, the sustainability of the palm oil industry includes various aspects that need attention to ensure that this industry can operate responsibly, protect the environment, and provide fair social benefits (Pye, 2019). Third, the government, companies, and civil society need to work together to encourage the sustainability of the palm oil industry. This involves strict regulations, effective oversight, incentives for companies that perform well, and active participation in dialogue and collaboration (Hospes, 2014).

This study aims to fill the gaps in previous research with a thematic analysis approach to explore the link between CSR and the sustainability of the palm oil industry in Indonesia, especially in Riau Province. This approach is used to examine documents that contain information about related topics. The research questions are described as follows (1) what is the contribution of CSR programs in the palm oil industry in Riau Province to environmental sustainability?; (2) how can the implementation of the CSR program in the palm oil industry in Riau Province affect the social and economic conditions of the local community?; and (3) what policy recommendations do the DPR need in Indonesia? These questions can be a starting point for analyzing the relationship between CSR and the sustainability of the palm oil industry in Riau Province, especially the response required by the DPR in Indonesia.

Policy recommendations, CSR, and the sustainability of the palm oil industry in Riau Province are issues that play a central role in efforts to maintain a balance between economic growth and environmental protection in Indonesia. Riau Province

1 is one of the country's largest palm oil production centers, significantly impacting the environment and local communities (Retnaningsih et al., 2022). The palm oil industry, while making an essential contribution to regional and national economies, has also caused severe problems related to deforestation, habitat loss, land degradation, land conflicts, as well as significant social and health impacts for residents (Pramudya et al., 2018; Saputra, 2019). Therefore, handling this issue is essential for the Indonesian House of Representatives (Dewan Perwakilan Rakyat Republik Indonesia [DPR RI]) in carrying out its legislative function to produce balanced and sustainable regulations and policies, which not only support the growth of the palm oil industry but also protect the environment and welfare of the people of Riau.

Issues related to the sustainability of the palm oil industry in Riau Province, Indonesia, require urgent attention from policymakers due to their severe implications for the environment, workforce, and local communities. First of all, the environmental impacts of oil palm plantation expansion include deforestation, loss of wildlife habitat, land degradation, and water pollution, which directly threaten biodiversity and the sustainability of natural ecosystems. Second, labor conditions are often a concern, with issues related to fair wages, safe working conditions, and protection of workers' rights frequently at issue in the industry. Third, local communities often face land conflicts, reduced quality of life, and significant health impacts due to the expansion of oil palm plantations, which require special protection and attention from the authorities. Considering the multidimensional impacts of the palm oil industry, evidence-based policies are critical to address this issue effectively.

This research uses a qualitative approach with a focus on literature review. This literature search was carried out by collecting various types of research documents, websites, and government reports related to the topic of CSR, the palm oil industry, and Indonesia. This search title includes the keywords "CSR," "palm oil," and "Indone-

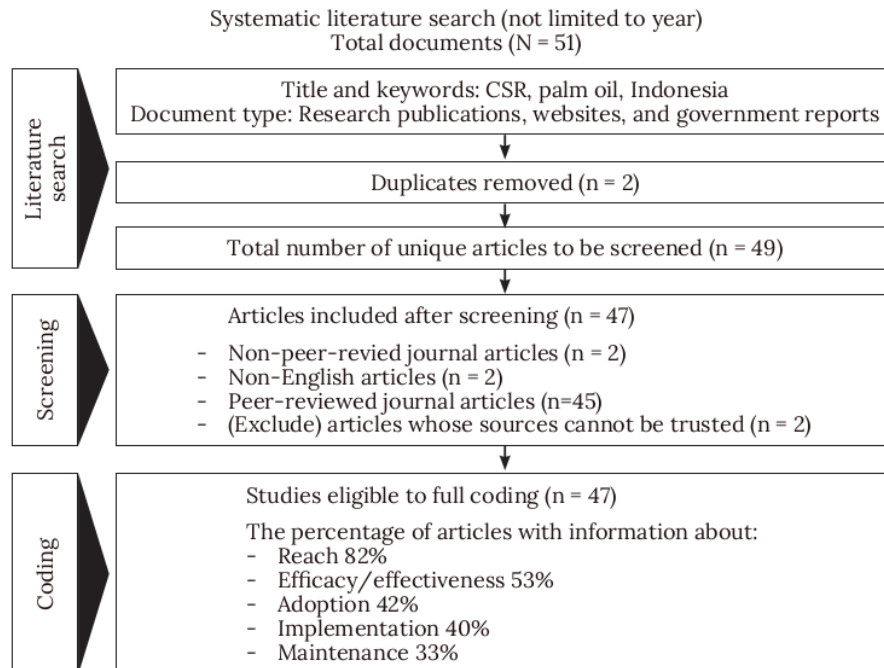


Figure 1. Overview of Literature Search and Screening

1
 sia” to obtain sources relevant to the desired topic. The total number of documents collected in this search was 51 documents. This literature search was carried out systematically without limiting the year of publication, so it included both the latest and older literature. Thus, the results of this search will provide a comprehensive picture of issues related to CSR and the palm oil industry in Indonesia from various literature sources.

A total of 49 unique articles were identified for the screening process in this study. Of these, two duplicated articles were removed from the list, leaving 49 unique articles to be further filtered. This duplicate removal step is essential to ensure that each article included in the analysis is a unique entity that is not double counted, thus ensuring the integrity and accuracy of the subsequent literature screening process. Thus, the screening process will be carried out on 49 unique articles that meet the inclusion criteria for this study.

After carrying out the filtering process, 2 articles did not come from non-peer-reviewed journals, as well as 2 articles in languages other than English. Additionally, 2 articles were also excluded because their sources were unreliable. Of the 49 articles previously identified, this screening process resulted in 47 articles that met the inclusion criteria and will be included in further analysis. This ensures that the included articles are of quality and reliability in accordance with scientific research standards and meet the language criteria established for this research. As such, these articles will form an essential basis for further research and analysis on the topic under study.

Of the 47 articles eligible for the full coding process, the percentage of articles that provided information on specific dimensions of the RE-AIM framework was as follows: Reach accounted for 82% of the articles. Effectiveness covers 53%, Adoption covers 42%, Implementation covers 40%, and Maintenance covers 33%. This indicates that the majority of articles provided information about the range of interventions studied. However, there were fewer articles that provided information about the efficacy, adoption, implementation, and maintenance of the interventions discussed in the researched literature. After the overview stage is complete, it continues with coding using the Nvivo 12 analysis tool as shown in Figure 2.

Figure 2 shows that after the search and filtering process was complete, the 47 documents that met the inclusion criteria were then entered into the Nvivo 12 Plus analysis software for further coding. Coding is carried out based on units of analysis, which include Identifying themes, Cases and attribute classifications, and Theme mapping. This step aims to help visualize complex data and facilitate further analysis in order to understand patterns, relationships, and deeper context of the contents of these documents. This approach was chosen to maximize the analysis of the relationship between CSR and the sustainability of the palm oil industry in Riau Province.

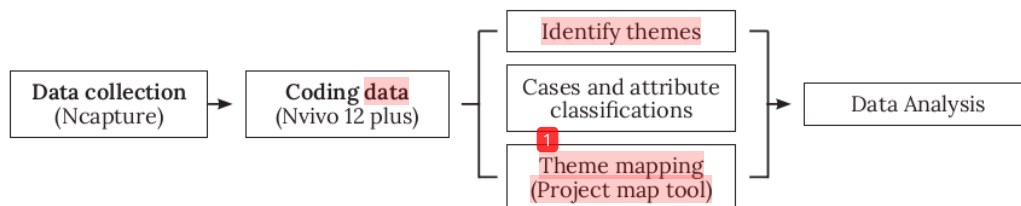


Figure 2. Data Analysis Process

1 Palm Oil Potential in Riau Province

Riau Province has great potential in the palm oil industry. Riau is one of the largest palm oil producers in Indonesia. The province has many oil palm plantations, which result in significant palm oil production. Riau is listed as the province that has the largest oil palm plantation in Indonesia in 2021, reaching 21.6% (Rizaty, 2022).

Riau Province is one of the largest palm oil producers in Indonesia. Oil palm plantations in Riau Province have an essential role in the regional and national economy by providing employment and income for farmers and contributing to regional revenues through taxes and fees (Syahza & Asmit, 2020). Apart from that, the domination of Riau Province is also identified through the development trend of its plantation area (Palm Oil Agribusiness Strategic Policy Institute, 2023).

Riau Province has a significant role in the palm oil industry in Indonesia. Apart from being one of the largest palm oil producers, Riau Province has extensive oil palm plantations, which continue to grow in line with high market demand. The trend in the development of the area of oil palm plantations in Riau Province shows its dominance in this industry (Descals et al., 2019). The area of oil palm plantations in Riau Province continues to grow yearly. In recent years, the area of oil palm plantations in Riau Province has reached a significant figure (Palm Oil Agribusiness Strategic Policy Institute, 2023). However, it is essential to balance industrial growth with environmental sustainability and the protection of human rights so that the palm oil industry remains sustainable and provides fair benefits for all parties involved. However, it is essential to ensure that the management of oil palm plantations is carried out sustainably, paying attention to environmental, social, and economic aspects to maintain the sustainability of this industry in the future.

Overall, Riau Province plays an essential role in the palm oil industry in Indonesia, as evidenced by its position as one of the largest producers in 2021, with a share of palm oil plantations reaching 21.6%. Apart from significantly contributing to the regional and national economy through employment opportunities, farmer income, and donations through taxes and levies, this province continues to experience growth in oil palm plantations in line with high market demand. Although this growth has great potential, it is essential to balance industrial growth with environmental sustainability and the protection of human rights. Sustainable management of oil palm plantations, considering environmental, social, and economic aspects, is the key to maintaining the sustainability of this industry in the future. Collaborative efforts involving all relevant parties will be essential to ensure that the palm oil industry in Riau Province provides fair benefits for all parties involved while still paying attention to environmental sustainability and human rights.

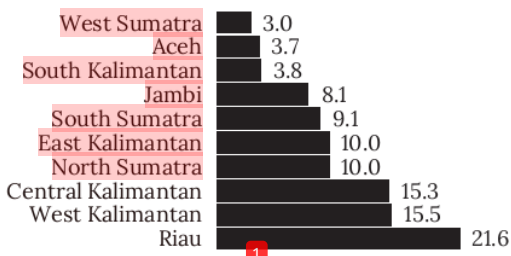


Figure 3. Percentage of Oil Palm Plantations in Indonesia, 2021
Source: Rizaty (2022).

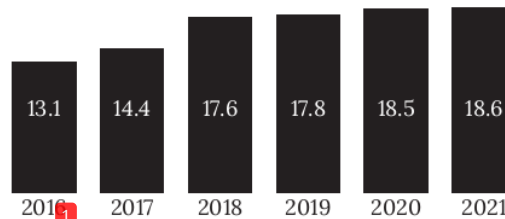


Figure 4. Percentage of the Trend of Oil Palm Plantations Expansion in Riau Province, 2016–2021

Source: Palm Oil Agribusiness Strategic Policy Institute (2023).

Sustainability of the Palm Oil Industry: Contribution of CSR Programs

The palm oil industry has become a hot topic of debate because of its impact on the environment and communities in production areas (Moreno-Peñaranda et al., 2015). CSR programs can make a significant contribution to maintaining the sustainability of the palm oil industry. Figure 5 are several CSR programs that contribute to the sustainability of the palm oil industry in Riau Province.

Several palm oil companies have launched programs that support the development of sustainable agriculture or plantations in surrounding communities. This can include farmer training in environmentally friendly farming practices, using organic fertilizers, and efficient water management. Oil palm companies are also committed to protecting the natural environment around their plantations. This could involve land rehabilitation programs, afforestation, biodiversity monitoring, and water resource conservation. Through the CSR program, we can also focus on empowering local communities around oil palm plantations. Companies can provide training and education to local people to improve their skills, promote small and medium enterprises, and improve their quality of life (Cornelius et al., 2008; Septiyarini et al., 2022).

Palm oil companies can contribute to infrastructure development in their surrounding areas, such as roads, bridges, and access to essential services such as clean water and electricity. This will help improve the quality of life of local communities and reduce social inequality (Septiyarini et al., 2022). Palm oil companies can strengthen transparency in their operations and commit to obtaining sustainable certification, such as RSPO (Roundtable on Sustainable Palm Oil) certification. This certification shows the company complies with established sustainability standards, including social, environmental, and economic principles. RSPO is a global initiative crucial in maintaining the sustainability of the palm oil industry. The goal is to promote the production and use of sustainable palm oil, which considers social, environmental, and economic aspects (Johnson, 2022; Tey et al., 2021).

In addition, palm oil companies can also contribute to infrastructure development in the areas around them, such as roads, bridges, and access to essential services such as clean water and electricity. This will help improve the quality of life of local communities and reduce social inequality. Infrastructure and access to essential services have great urgency in the context of sustainability issues. Good infrastructure and access to essential services, such as clean water, sanitation, energy, and transportation, significantly improve people's quality of life. Adequate infrastructure and access also play a role in supporting the achievement of sustainable development goals (Dai & Menhas, 2020). In sustainability, governments, the private sector, and other stakeholders need to invest in sustainable infrastructure and ensure fair and equitable access to essential services.

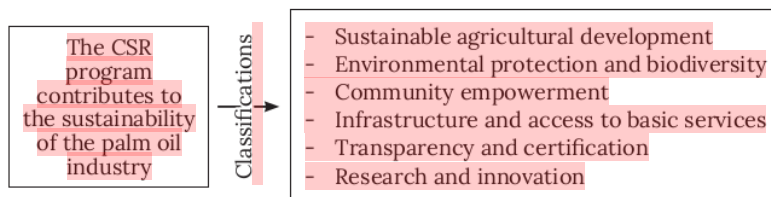


Figure 5. Several CSR Programs Contributing to the Palm Oil Industry's Sustainability in Riau Province

Source: Processed using Nvivo 12 Plus (2023).

1

Palm oil companies have also allocated resources for research and innovation in the latest technologies and practices in the palm oil industry. For example, developing more productive oil palm varieties, reducing pesticides and chemical fertilizers, or more efficient processing methods. These CSR programs must be implemented with the local community's and other stakeholders' active involvement. Thus, the palm oil industry can achieve greater sustainability by minimizing its negative impacts and providing more comprehensive environmental and societal benefits.

Programs such as sustainable agricultural development, environmental and biodiversity protection, community empowerment, infrastructure and access to essential services, transparency, and certification, as well as research and innovation, have made a significant contribution to maintaining the sustainability of the palm oil industry. Sustainable agricultural development helps reduce the negative impact of the palm oil industry on the environment and society. The program improves production efficiency and reduces dependence on chemical pesticides and fertilizers by involving farmers in training on environmentally friendly farming practices and using organic fertilizers. This helps maintain the balance of the ecosystem and reduce environmental pollution.

Protecting the environment and biodiversity is essential to protect the natural resources around oil palm plantations. Land rehabilitation, afforestation, and water resource conservation programs help maintain healthy ecosystems, maintain wildlife habitats, and reduce deforestation. Such proactive measures serve as a bulwark against substantial environmental degradation, ensuring the persistence of biodiversity. Community empowerment is a critical aspect of maintaining the sustainability of the palm oil industry. Through programs such as skills training, education, and promotion of small and medium enterprises, local communities are empowered economically and socially. This helps reduce socio-economic disparities and improve the community's quality of life while strengthening their involvement in the palm oil industry decision-making.

Infrastructure and access to essential services play an important role in the sustainability of the palm oil industry. Adequate infrastructure development, such as roads, bridges, and access to clean water and electricity, improves connectivity and facilitates more efficient trade. This opens up economic opportunities, reduces regional inequalities, and improves the quality of life of local communities. Transparency and certification are essential steps in maintaining the sustainability of the palm oil industry. By strengthening transparency in company operations and obtaining RSPO certification, the palm oil industry can assure consumers that its products meet stringent sustainability standards. This helps build trust and promotes sustainable trade in palm oil.

Research and innovation play an essential role in developing new and better solutions to the challenges faced by the palm oil industry. Through investment in research and development, the industry can develop new technologies and practices that are more efficient and environmentally friendly. For example, developing more productive oil palm varieties or more efficient processing methods can help reduce environmental impact and increase industrial productivity. Overall, these programs contribute to the sustainability of the palm oil industry by reducing negative impacts on the environment, strengthening community involvement, improving quality of life, ensuring transparency and compliance with sustainability standards, and encouraging innovation for better and more efficient practices.

1

1

Implementation of CSR Programs: Potential to Affect Social and Economic Conditions of the Community

Implementing CSR programs in the palm oil industry in Riau Province has the potential to significantly influence the social and economic conditions of the local community. Riau Province is one of Indonesia's palm oil production centers so that the right CSR program can benefit local communities. CSR programs in the palm oil industry in Riau Province often aim to address local communities' social and economic problems and promote sustainability and environmental responsibility in oil palm plantation operations. Through CSR programs, palm oil companies seek to contribute positively to local communities in various ways. This can include economic empowerment through skills training, venture capital assistance, and small and medium enterprise development. This program aims to increase the income and economic independence of the community so that they can overcome poverty and improve their standard of living.

In addition, the implementation of the CSR program also includes efforts to increase community access to essential services such as clean water, sanitation, education, and health services. By building adequate infrastructure and providing support for these services, CSR programs improve the local community's quality of life and health. In addition to economic and social aspects, the CSR program also pays attention to environmental protection and biodiversity. These programs include land rehabilitation, afforestation, and environmental management, which aim to minimize the negative impact of the palm oil industry on the environment. These efforts help maintain healthy ecosystems, maintain wildlife habitats, and prevent deforestation.

CSR programs can also strengthen local community involvement in decision-making through active participation in program planning, implementation, and monitoring. CSR programs seek to build sustainable relationships between palm oil companies and local communities by involving communities in decision-making processes that affect their lives. Overall, implementing CSR programs in the palm oil industry in Riau Province has great potential to influence the social and economic conditions of the local community. With a focus on economic empowerment, increased access to essential services, environmental protection, community participation, and other aspects, CSR programs play an essential role in promoting the sustainability of the palm oil industry while providing tangible benefits to local communities.

CSR implementation must be done optimally and comprehensively to achieve a broader positive impact on the community and the environment around the palm oil industry. Several factors are important to ensure the effectiveness and success of CSR programs, including stakeholder engagement; collaboration and partnership; transparency and accountability; compliance with sustainability standards and principles; and ongoing monitoring and evaluation.

Involving local communities, government, non-governmental organizations, and other stakeholders in the planning, implementing, and monitoring of CSR programs is

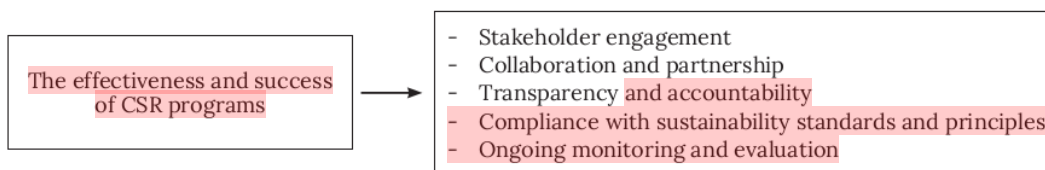


Figure 6. Important Factors Ensuring the Effectiveness and Success of CSR Programs

Source: Processed using Nvivo 12 Plus (2023).

1

essential. This will ensure that the programs match the needs and aspirations of local communities and gain broad support from relevant stakeholders. Stakeholder engagement is a crucial factor supporting CSR programs' success in the palm oil industry (López-Concepción et al., 2022). Engaging with diverse stakeholders helps ensure that the CSR program considers the needs, expectations, and input of various parties related to the palm oil industry. Engaging with local communities, communities, and other societal groups helps companies to understand in depth the needs and challenges faced by local communities.

This information allows companies to design and implement relevant and effective CSR programs in responding to local communities' social and economic problems. By involving stakeholders, CSR programs can gain more significant support from local communities. Involving them in planning and decision-making allows stakeholders to feel owned and involved in the program, thus increasing acceptance and acceptance of the existence of the company and its sustainability efforts. By actively and sustainably involving stakeholders, CSR programs in the palm oil industry can be more effective, have a broader impact, and be sustainable.

Collaboration and partnership between companies, communities, governments, and other organizations is essential to achieve optimal results. By working together, different resources and expertise can be combined to design and implement more effective and sustainable CSR programs. Various parties can bring together different resources through collaboration, including knowledge, expertise, funds, and networks. Companies can contribute financial and technical resources, governments provide supportive policies and regulations, and non-governmental organizations and local communities provide knowledge of local needs. By utilizing these diverse resources, CSR programs can become more comprehensive and have a broader impact. Collaboration involves stakeholders with diverse views and interests related to the palm oil industry. These perspectives can be combined and considered holistically in a collaborative process, enabling better and more innovative solutions.

Other essential aspects are related to transparency and accountability (Rim et al., 2019). Transparency in implementing CSR programs is the key to building trust and long-term success. Companies must communicate openly about CSR programs' objectives, activities, and impacts to all parties involved. In addition, precise accountability mechanisms should be in place to ensure accurate reporting and periodic program evaluation. Transparency helps build trust between companies and stakeholders, including local communities, non-governmental organizations, and governments. By communicating openly about CSR programs' objectives, activities, and impacts, companies can demonstrate their commitment to being socially and environmentally responsible. This helps create strong relationships and reinforces support from various parties.

In addition, high transparency in CSR program reporting helps companies improve their image (Invernizzi et al., 2021). By disclosing information honestly and openly, including challenges and failures that may be encountered, companies show their readiness to address problems and improve their performance. This can help change negative perceptions and gain more comprehensive support from the community and other stakeholders. Transparency encourages corporate accountability in implementing CSR programs (Shafieizadeh & Tao, 2020). Companies can monitor performance with precise accountability mechanisms, such as routine reporting and regular program evaluations. This helps ensure that CSR programs continue to improve and have the desired positive impact.

1

1

By building transparency in implementing CSR programs, palm oil companies can gain trust, improve their image, encourage accountability, increase community participation, and meet sustainability standards. This will support the long-term success of the CSR program and help achieve sustainability goals in the palm oil industry. On the other hand, CSR programs must be based on internationally recognized sustainability standards and principles, such as the RSPO (Roundtable on Sustainable Palm Oil) standards. Compliance with these standards is essential to ensure that practices in the palm oil industry are sustainable and meet high environmental, social, and economic requirements.

It is essential to continuously monitor and evaluate CSR programs to measure their impact on the social and economic conditions of the community. With good monitoring, companies can identify program successes and challenges and make necessary improvements to achieve better results in the future (Abdelhalim & Eldin, 2019; Tanimoto, 2019). By adopting a comprehensive and sustainable approach to CSR implementation, the palm oil industry in Riau Province can be an agent of positive change in improving the social and economic conditions of the local community while maintaining environmental sustainability. This also affects the economic sector of companies and society.

Overall, implementing the CSR program in the palm oil industry in Riau Province has great potential to influence local communities' social and economic conditions. This can be realized if the relevant parties pay attention to important factors to ensure the effectiveness and success of CSR. Through CSR initiatives that focus on economic empowerment, increasing access to essential services, environmental protection, community participation, and other aspects, these programs play an essential role in increasing the sustainability of the palm oil industry while providing tangible benefits to local communities. Key factors such as the involvement of various stakeholders, collaboration between companies, governments, and other organizations, and transparency and accountability are essential in ensuring the success and effectiveness of CSR programs. Through ongoing collaboration, careful monitoring and evaluation, and adherence to international sustainability standards such as RSPO, the palm oil industry can become a sustainable agent of positive change, impacting the company's economy, local communities, and the environment.

Policy Recommendations

When it comes to implementing CSR in Riau, reinforcing policies becomes imperative. Regulations mandating effective and sustainable CSR initiatives by palm oil companies are necessary. These regulations could entail earmarking specific funds within company budgets for CSR activities. Moreover, facilitating a clear framework for CSR reporting and impact assessment could be established by the executive, compelling companies to transparently disclose their CSR endeavors. Facilitating partnerships among companies, local governments, and NGOs to implement robust CSR initiatives and fostering resource sharing and expertise for more impactful programs are great paths to achieving successful CSR projects. Supporting this collaboration through incentives and facilitative regulations is within the government's purview.

Aligning CSR programs in the palm oil sector with broader sustainable development policies should be a focal point. Harmonizing CSR programs in the palm oil industry with globally recognized sustainability standards, like RSPO, holds significance in upholding high environmental, social, and economic benchmarks. Government policies adopting these standards can steer Indonesia's palm oil industry toward

1

economic growth, community welfare, and environmental preservation. Such policies align with the vision of sustainable development in this sector, fostering substantial positive impacts within local communities and contributing to overarching sustainable development goals.

However, challenges in executing these policy recommendations are diverse and demand a comprehensive approach. Altering the mindset and ingrained culture within companies to embrace sustainable CSR programs is a primary challenge requiring robust education and awareness initiatives about the long-term benefits of social and environmental sustainability investments. Adequate allocation of financial and human resources, particularly for small and medium enterprises facing limitations, is essential. Governments need to promote transparency and accountability in CSR reporting by incentivizing open information sharing. Establishing effective partnerships with local governments and NGOs demands concerted efforts to build mutual trust and understanding. Strengthening oversight and law enforcement to ensure CSR regulation compliance is crucial. Finally, integrating a deep understanding of sustainable development into all CSR programs is paramount.

Conclusion

Riau Province is one of the centers of palm oil production in Indonesia. The palm oil industry significantly impacts the environment and communities in the region. However, through CSR and a commitment to sustainability, the palm oil industry in Riau Province is trying to reduce its negative impacts and encourage more responsible practices. Implementing the CSR program in the palm oil industry in Riau Province has a significant role in realizing the sustainability of this industry. Through CSR programs that focus on community empowerment, environmental protection, sustainable agricultural development, infrastructure and access to essential services, transparency and certification, research, and innovation, palm oil companies can contribute to reducing negative impacts on the environment and improving local communities' welfare, build trust with stakeholders, and create sustainable economic growth.

However, implementing this CSR program has challenges. Challenges such as ensuring company compliance with CSR regulations, adequate resource allocation, and changes in corporate culture can be obstacles. Therefore, strong policy recommendations, including binding regulations, financial support, and strict supervision, are needed to ensure the success of CSR programs. The Indonesian House of Representatives needs to consider establishing binding regulations that require palm oil companies to allocate a portion of their income to sustainable CSR programs. This will provide a solid legal basis for more consistent implementation of CSR programs. Apart from that, it is also possible for the Indonesian House of Representatives to consider other regulations to provide financial incentives to companies active in CSR programs, such as tax incentives or fee reductions for certain CSR activities. This will encourage companies to be more committed to CSR initiatives. The Indonesian House of Representatives must also ensure a strict oversight mechanism to monitor and evaluate the implementation of CSR programs. By implementing policy recommendations like these and strong collaboration between all stakeholders, the palm oil sector in Riau Province can achieve better sustainability, reduce negative impacts, and create long-term benefits for society and the environment.

1

References

- Abdelhalim, K., & Eldin, A. G. (2019). Can CSR help achieve sustainable development? Applying a new assessment model to CSR cases from Egypt. *International Journal of Sociology and Social Policy*, 39(9-10), 773-795. <https://doi.org/10.1108/IJSSP-06-2019-0120>
- Abdul-Hamid, A. -Q., Ali, M. H., Osman, L. H., Tseng, M. -L., & Lim, M. K. (2022). Industry 4.0 quasi-effect between circular economy and sustainability: Palm oil industry. *International Journal of Production Economics*, 253, 108616. <https://doi.org/10.1016/j.ijpe.2022.108616>
- Bardos, K. S., Ertugrul, M., & Gao, L. S. (2020). Corporate social responsibility, product market perception, and firm value. *Journal of Corporate Finance*, 62, 101588. <https://doi.org/10.1016/j.jcorpfin.2020.101588>
- Cornelius, N., Todres, M., Janjuha-Jivraj, S., Woods, A., & Wallace, J. (2008). Corporate social responsibility and the social enterprise. *Journal of Business Ethics*, 81(2), 355-370. <https://doi.org/10.1007/s10551-007-9500-7>
- Dai, J., & Menhas, R. (2020). Sustainable development goals, sports and physical activity: The localization of health-related sustainable development goals through sports in China: A narrative review. *Risk Management and Healthcare Policy*, 13, 1419-1430. <https://doi.org/10.2147/RMHP.S257844>
- Descals, A., Szantoi, Z., Meijaard, E., Sutikno, H., Rindanata, G., & Wich, S. (2019). Oil palm (*Elaeis guineensis*) mapping with details: Smallholder versus industrial plantations and their extent in Riau, Sumatra. *Remote Sensing*, 11(21), 2590. <https://doi.org/10.3390/rs11212590>
- Hospes, O. (2014). Marking the success or end of global multi-stakeholder governance? The rise of national sustainability standards in Indonesia and Brazil for palm oil and soy. *Agriculture and Human Values*, 31(3), 425-437. <https://doi.org/10.1007/s10460-014-9511-9>
- Invernizzi, A. C., Bellucci, M., Acuti, D., & Manetti, G. (2021). Form and substance: Visual content in CSR reports and investors' perceptions. *Psychology & Marketing*, 39(5), 974-989. <https://doi.org/https://doi.org/10.1002/mar.21635>
- Johnson, A. (2022). The Roundtable on Sustainable Palm Oil (RSPO) and transnational hybrid governance in Ecuador's palm oil industry. *World Development*, 149, 105710. <https://doi.org/10.1016/j.worlddev.2021.105710>
- Karwowski, M., & Raulinajtys-Grzybek, M. (2021). The application of CSR actions for mitigation of environmental, social, corporate governance (ESG) and reputational risk in integrated reports. *Corporate Social Responsibility and Environmental Management*, 28(4), 1270-1284. <https://doi.org/10.1002/csr.2137>
- Laurance, W. F., Sayer, J., & Cassman, K. G. (2014). Agricultural expansion and its impacts on tropical nature. *Trends in Ecology and Evolution*, 29(2), 107-116. <https://doi.org/10.1016/j.tree.2013.12.001>
- Limaho, H., Sugiarto, Pramono, R., & Christiawan, R. (2022). The need for global green marketing for the palm oil industry in Indonesia. *Sustainability*, 14(14), 8621. <https://doi.org/10.3390/su14148621>
- López-Concepción, A., Gil-Lacruz, A. I., & Saz-Gil, I. (2022). Stakeholder engagement, CSR development and SDGs compliance: A systematic review from 2015 to 2021. *Corporate Social Responsibility and Environmental Management*, 29(1), 19-31. <https://doi.org/10.1002/csr.2170>
- Maluin, F. N., Hussein, M. Z., & Idris, A. S. (2020). An overview of the oil palm industry: Challenges and some emerging opportunities for nanotechnology development. *Agronomy*, 10(3), 356. <https://doi.org/10.3390/agronomy10030356>
- Monteiro de Carvalho, C., Silveira, S., La Rovere, E. L., & Iwama, A. Y. (2015). Deforested and degraded land available for the expansion of palm oil for biodiesel in the state of Pará in the

- Brazilian Amazon. *Renewable and Sustainable Energy Reviews*, 44(April 2015), 867–876. <https://doi.org/10.1016/j.rser.2015.01.026>
- Montiel, I., Cuervo-Cazurra, A., Park, J., Antolín-López, R., & Husted, B. W. (2021). Implementing the United Nations' sustainable development goals in international business. *Journal of International Business Studies*, 52(5), 999–1030. <https://doi.org/10.1057/s41267-021-00445-y>
- Moreno-Peñaranda, R., Gasparatos, A., Stromberg, P., Suwa, A., Pandyaswargo, A. H., & Puppim de Oliveira, J. A. (2015). Sustainable production and consumption of palm oil in Indonesia: What can stakeholder perceptions offer to the debate? *Sustainable Production and Consumption*, 4(October 2015), 16–35. <https://doi.org/10.1016/j.spc.2015.10.002>
- Naidu, L., & Moorthy, R. (2021). A review of key sustainability issues in Malaysian palm oil industry. *Sustainability*, 13(19), 10839. <https://doi.org/10.3390/su131910839>
- Palm Oil Agribusiness Strategic Policy Institute. (2023, March 6). *Luas perkebunan kelapa sawit Indonesia*. Palmoilina.Asia. <https://palmoilina.asia/sawit-hub/data-luas-perkebunan-kelapa-sawit/>
- Paterson, R. R. M., & Lima, N. (2018). Climate change affecting oil palm agronomy, and oil palm cultivation increasing climate change, require amelioration. *Ecology and Evolution*, 8(1), 452–461. <https://doi.org/10.1002/ece3.3610>
- Phochanikorn, P., & Tan, C. (2019). An integrated multi-criteria decision-making model based on prospect theory for green supplier selection under uncertain environment: A case study of the Thailand palm oil products industry. *Sustainability*, 11(7), 1872. <https://doi.org/10.3390/su11071872>
- Pramudya, E. P., Hospes, O., & Termeer, C. J. A. M. (2018). The disciplining of illegal palm oil plantations in Sumatra. *Third World Quarterly*, 39(5), 920–940. <https://doi.org/10.1080/01436597.2017.1401462>
- Pye, O. (2019). Commodifying sustainability: Development, nature and politics in the palm oil industry. *World Development*, 121(September 2019), 218–228. <https://doi.org/10.1016/j.worlddev.2018.02.014>
- Retnaningsih, U. O., Asriwandari, H., Ningsih, R. B., Purwanti, I. T., Sidiq, R. S. S., Artina, D., & Rosaliza, M. (2022). The persistence of patriarchy in the palm oil sector: Evidence from the Riau Province of Indonesia. *Cogent Social Sciences*, 8, 211282. <https://doi.org/10.1080/23311886.2022.2112825>
- Rim, H., Kim, J., & Dong, C. (2019). A cross-national comparison of transparency signaling in corporate social responsibility reporting: The United States, South Korea, and China cases. *Corporate Social Responsibility and Environmental Management*, 26(6), 1517–1529. <https://doi.org/10.1002/csr.1766>
- Rizaty, M. A. (2022, January 31). *Riau miliki luas perkebunan kelapa sawit terluas pada 2021*. Databoks.Katadata.co.id. <https://databoks.katadata.co.id/datapublish/2022/01/31/riau-miliki-luas-perkebunan-kelapa-sawit-terluas-pada-2021>
- Saputra, E. (2019). Beyond fires and deforestation: Tackling land subsidence in peatland areas, A case study from Riau, Indonesia. *Land*, 8(5), 11–13. <https://doi.org/10.3390/land8050076>
- Septiyarini, D., Kusriani, N., & Kurniati, D. (2022). Sustainability of palm oil company CSR in supporting village status change. *Economics Development Analysis Journal*, 11(2), 165–18. <https://doi.org/10.15294/edaj.v11i2.55735>
- Shafieizadeh, K., & Tao, C. W. -W. (2020). How does a menu's information about local food affect restaurant selection? The roles of corporate social responsibility, transparency, and trust. *Journal of Hospitality and Tourism Management*, 43(June 2020), 232–240. <https://doi.org/10.1016/j.jhtm.2020.04.007>

- Sorsa, V. P., & Fougère, M. (2021). Toward political explanation of change in corporate responsibility: Political scholarship on CSR and the case of palm oil biofuels. *Business and Society*, 60(8), 1895–1923. <https://doi.org/10.1177/0007650320915919>
- Sun, Z., Jai, K., & Zhao, L. (2019). Corporate social responsibility and sustainability of local community: A case study of the transnational project in China-Pakistan economic corridor. *Sustainability*, 11(22), 6456. <https://doi.org/10.3390/su11226456>
- Syahza, A., & Asmit, B. (2020). Development of palm oil sector and future challenge in Riau Province, Indonesia. *Journal of Science and Technology Policy Management*, 11(2), 149–170. <https://doi.org/10.1108/JSTPM-07-2018-0073>
- Tanimoto, K. (2019). Do multi-stakeholder initiatives make for better CSR? *Corporate Governance (Bingley)*, 19(4), 704–716. <https://doi.org/10.1108/CG-08-2018-0267>
- Tey, Y. S., Brindal, M., Djama, M., Hadi, A. H. I. A., & Darham, S. (2021). A review of the financial costs and benefits of the roundtable on sustainable palm Oil certification : Implications for future research. *Sustainable Production and Consumption*, 26, 824–837. <https://doi.org/10.1016/j.spc.2020.12.040>

CSR and Sustainability of the Palm Oil Industry in Riau Province

ORIGINALITY REPORT

96%
SIMILARITY INDEX

96%
INTERNET SOURCES

14%
PUBLICATIONS

%
STUDENT PAPERS

PRIMARY SOURCES

1 jurnal.dpr.go.id
Internet Source

96%

Exclude quotes On
Exclude bibliography On

Exclude matches < 1%