
THE CHALLENGE OF IMPLEMENTING CORPORATE SOCIAL RESPONSIBILITY IN SUSTAINABILITY CERTIFIED PALM OIL MILLS (CASE STUDY PT. X AND PT. Y)

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ABSTRACT

KEYWORDS

Challenge; TOPSIS;
Delphi; CSR; Palm oil
industry

CSR is the company's responsibility for the impact of its activities and decisions on society and the environment. Implementation of CSR guided by the principles of ISO 26000 can optimize CSR efforts in the company. CSR has an important role in improving people's welfare and reducing environmental impact, but the implementation of CSR is still not optimal. This shows that palm oil mills need to make improvement efforts so that CSR implementation becomes more optimal, the research aims to determine the challenges in implementing CSR programs and provide recommendations to overcome dominant challenges. This research used delphi methods to assess the relevance of challenge and TOPSIS methods for prioritize the challenge. The first step in formulating improvement efforts is identifying the challenging factors in CSR implementation. The Delphi method aims to assess the relevance of challenges; the Delphi results show one additional challenge: "The emergence of the latest laws and regulations that cause significant changes to existing operations". Sixteen challenges become input in the TOPSIS method. The TOPSIS calculation results show three main challenges in this study. These three challenges include (1) Factor A5, "Company coordination with stakeholders (government, local communities, society, NGOs) is not good" (0.659984), (2) Factor E5 "The company's regulatory structure is complex in supporting the implementation of CSR programs" (0.596638), and (3) Factor D2 "Lack of certainty of economic benefits from technology investment initiatives that support CSR programs" (0.586047). This research showed that coordination between stakeholders is the most challenging factor when a company implements CSR programs. A recommendation in line with ISO 26000 is implementing a stakeholder engagement strategy through discussion forums. Regular communication forums will strengthen collaboration between stakeholders and will facilitate the society or local community in voicing the need for the program to be funded by the company.

INTRODUCTION

Palm oil is a leading commodity in Indonesia. Palm oil is a raw material for various food, beverage, personal care, and cosmetic products (Livelihoods, 2021; Grand et al., 2022). The need for palm oil in 2021 is 165 million tons, this figure increased by 24% compared to six years ago (Shahbandeh, 2022). The development of the need for palm oil has significantly contributed to employment and the Indonesian economy. The palm oil industry contributes 3.5% of the total Gross Domestic Product (GDP). The total workforce absorbed by the palm oil industry is 16.2 million workers (Ramadan, 2021). The palm oil industry has an important role in the sustainability of other related industrial businesses and has a major contribution to the Indonesian economy, but the palm oil industry also creates negative problems. Some of the

negative impacts of the development of the palm oil industry include deforestation, loss of critical habitat for endangered species, air pollution, soil and water pollution, soil erosion, climate change, social conflicts related to land, labor rights issues, loss of livelihoods, and health issues (SPOTT, 2020). Oil palm was the largest driver, accounting for almost 40% of deforestation from 2008–2009 in Indonesia (Ritchie & Roser, 2021). In 2008, the development of oil palm lands led to loss of customary land rights and community displacement in one district in West Kalimantan, Indonesia. (SPOTT, 2022). In 2015, around 2.6 million ha burned and a third was peat land due to the fire and haze crisis in Indonesia (Pacheco et al., 2017). Various negative impacts that emerged became an initiation for the palm oil industry to implement sustainability practices as corporate social responsibility (CSR). CSR through sustainability practices in the palm oil industry is a form of responsibility for industry actors against the negative impacts that arise from the industrial processes that are carried out (Yuen & Lim, 2016).

One of the efforts of the palm oil industry in implementing sustainability practices is to fulfill sustainability certification of palm oil. Certification schemes that regulate sustainability practices include the Roundtable on Sustainable Palm Oil (RSPO), Indonesian Sustainable Palm Oil (ISPO), and International Sustainability & Carbon Certification (ISCC) (Majid et al., 2021). The principles adopted by the RSPO, ISPO, and ISCC certification systems include (1) legality and responsible business practices, (2) social responsibility, (3) environmental responsibility (Majid et al., 2021; Sulong et al., 2021; Chiriaco et al., 2022). The application of sustainability certification in the palm oil industry also has environmental, social, and economic implications for achieving the Sustainable Development Goals (SDGs) (Syahza et al., 2020; Majid et al., 2021; Chiriaco et al., 2022). The sustainability practice of the palm oil industry is not only guided by the RSPO, ISPO, and ISCC principles, but this practice should also be in synchronise with the seven principles of ISO 26000 (Leoński, 2019) so that this contradicts the notion of greenwashing of efforts to implement CSR through sustainability certification practices. The seven principles of ISO 26000 cover (1) Organizational Governance, (2) Human Rights, (3) Employment Practices, (4) Environment, (5) Fair Operating Practices, (6) Community Engagement and Development, and (7) Consumer Issues (Pawlowska et al., 2021). In general, these seven principles serve as a guide in implementing CSR programs so that company initiatives can have a significant impact (Leoński, 2019).

Several previous studies by Putri et al. (2022), Apriani & Zaini (2018), Abdul-Hamid et al. (2020), Paoli et al. (2010), and Cheah et al. (2023). Putri et al. (2022) focus on challenges related to institutional (government) aspects; this is an opportunity to develop other research related to factors other than institutions. Apriani & Zaini (2018) focuses on challenges that come from within the company; this causes challenges that come from outside the company not to be considered in preparing the company's strategy. In contrast to Putri et al. (2022) and Apriani & Zaini (2018), Abdul Hamid's research et al. (2020) focuses on obstacles related to social and economic aspects, so Abdul Hamid et al.'s (2020) research does not link challenges originating from government institutions, company internals, economic and social conditions Paoli et al. (2010) and Cheah et al. (2023) analyzes challenges from the company's internal side and economic conditions. Based on previous research, this research will combine challenges from research by Putri et al. (2022), Apriani & Zaini (2018), Abdul-Hamid et al. (2020), Paoli et al. (2010) and Cheah et al. (2023), so that challenges in this research will be reviewed from the institutional, environmental, social, economic and company internals aspects.

PT X and PT Y is a palm oil mill (POM) in Indonesia. These two companies already have RSPO, ISPO, and ISCC certificate. Implementation of CSR programs at PT X and PT Y involves various stakeholders, including employees, local community, society, government,

and NGOs. The collaboration of various stakeholders is an effort by PT X and PT Y in optimizing the implementation of CSR programs (Joseph, 2006). In the implementation of CSR through the fulfillment of sustainability certification, which is audited annually by a third party, observations of discrepancies or potential for improvement were found, namely regarding the management of handling POM's waste (RSPO Surveillance Assessment Report, 2023)

One example of PT X and PT Y are the management of POM's waste management. This program manifests the environmental principles in the ISO 26000 guidelines and RSPO, ISPO, and ISCC, which aim to minimize the negative impacts that arise, such as environmental pollution. Implementation of a waste management program that is not yet optimal can potentially pollute the environment, causing demands from the surrounding community, or can cause material losses (fines), government sanctions, and create a negative image for the company. The implementation of a good CSR program is not only a requirement for the legality of the palm oil industry's operations, but the CSR program will create wholeness, harmony and sustainability of a conducive environment so that the sustainability of all can be well maintained (Abdullah, 2017). Based on the evaluation results of PT X and PT Y shows results that are not optimal. If the CSR program is not optimal, the company needs to analyze the challenges that affect the successful implementation of CSR at PT X and PT Y. This study aims to determine the challenges in the implementation of CSR programs and provide recommendations to overcome dominant challenges that arise in the implementation of CSR programs.

RESEARCH METHOD

This research used delphi methods to assess the relevance of challenge and TOPSIS methods for prioritize the challenge. The object of this research is PT X, located in West Sumatra and PT Y, which is located in Central Kalimantan. Selection of PT X and PT Y as an object of research, both of these objects have been certified starting in 2012, including RSPO, ISPO, and ISCC. This research took place from February 2023 to June 2023.

Figure 1 is the flow of this research. The first stage in this research is the identification of challenges in CSR implementation. The technique used in the challenge identification stage is a literature study. The literature study stage begins with a search for challenges in CSR implementation on the Scopus database and the Web of Science; the keywords in the list of challenges search are "Challenge" or "Barriers" and "Palm oil industry" and "CSR" and "ISO 26000" or "RSPO" or "ISPO" or "ISCC." Furthermore, the results of the literature study will be validated through a brainstorming process with sustainability expert from palm oil mills of PT X and PT Y.

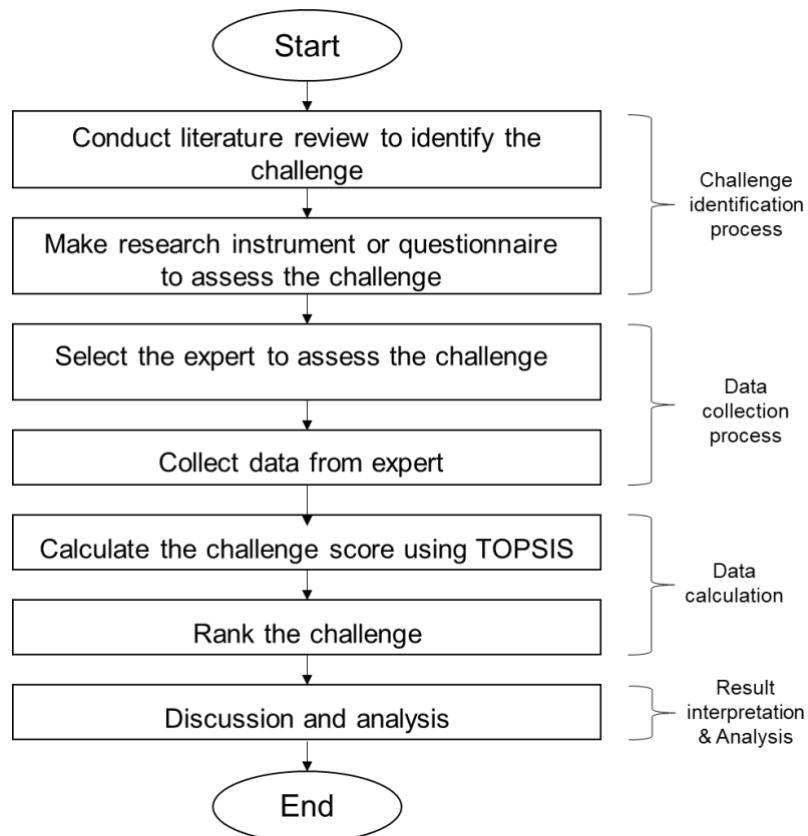


Figure 1. Research Flow

The literature study results will become the basis for preparing the research instrument. The instrument in this study will use three questionnaires. The three questionnaires cover the first stage questionnaire to identify challenges, the second stage to validate challenges obtained from open-ended questions from the first stage of the questionnaire, and the third stage to assess challenges. The first questionnaire aims to identify challenges; this questionnaire is in the form of a semi-open. The first challenge identification questionnaire instrument contains a list of challenges from the literature study and an open question regarding the challenges faced by the expert that have yet to be identified in the literature study. The second stage of the questionnaire is in the form of a closed questionnaire. In the second stage of the questionnaire, experts were asked to rate the relevance of the challenge using a scale of 0 (not relevant) and 1 (relevant). In stage 1 and 2 questionnaires, a factor was considered relevant if the percentage of experts who considered the factor relevant was $> 75\%$ (Barrios et al., 2021). The results of identifying challenges will be input in compiling a questionnaire assessing challenges to CSR implementation. The rating scale used in this study is shown in Table 1.

Table 1. TOPSIS Scale Evaluation

1	2	3	4	5
Very non-inhibiting the implementation of CSR	←————→			Very inhibiting the implementation of CSR

Experts involved in assessing the challenges of CSR implementation have criteria (1) have knowledge related to research topics, (2) have experience related to research topics, (3) are willing to participate in research, and (4) have the ability to communicate their knowledge

and experience (Etikan et al., 2016). In this study, the respondents had at least five years of experience. Table 2 is a list of the experts involved.

Table 2. Respondents' Profile

Division	Total	Percentage
<i>Sustainability</i>	5	50 %
EHS	5	50 %
Location	Total	Percentage
PKS X, Sumatera Barat	5	50 %
PKS Y, Kalimantan Tengah	5	50 %
Role	Total	Percentage
Manager	7	70 %
Supervisor	3	30 %
Length of Work	Total	Percentage
5-10 years	1	10 %
10-15 years	5	50 %
>15 years	4	40 %
Length of Work Average: 14 years		

Figure 2. Show the methods for prioritizing the challenge.

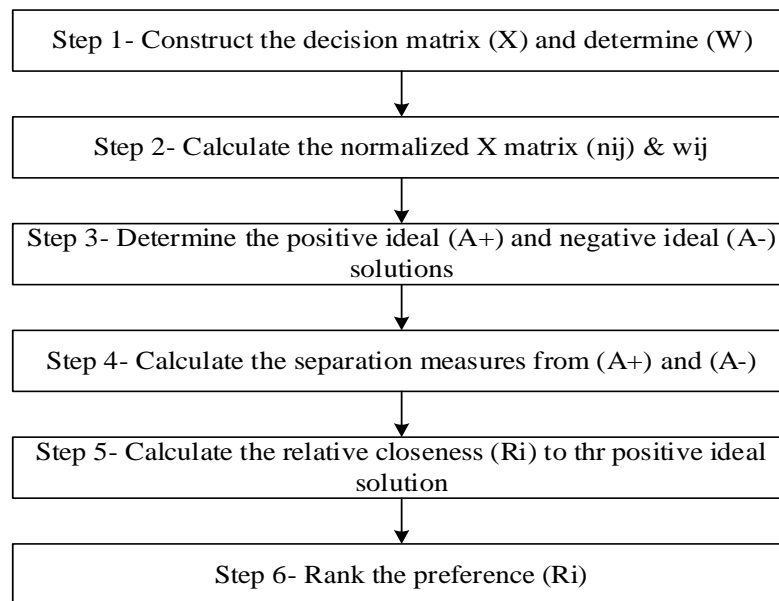


Figure 2. TOPSIS Calculating Steps

Processing data in this study using TOPSIS (Technique for Order of Preference by Similarity to Ideal Solution). The reason for choosing the TOPSIS method is that this technique has a higher level of accuracy than other MCDM (Multi-Criteria Decision Making) methods (Widiarta et al., 2018), and the TOPSIS method has a simple calculation mechanism. According to Widiarta et al. (2018), TOPSIS has the highest accuracy rate of 95%. Other MCDM methods have a lower accuracy rate than TOPSIS, including PROMENTHEE at 93.34%, SAW at 81.67%, and AHP at 50%. The steps for calculating the TOPSIS method are shown in Figure 2.

RESULTS AND DISCUSSION

Results

The results sub-chapter identifies challenges through literature studies, assesses the relevance of challenges to the actual conditions of the palm oil mills, and ranks challenges using the TOPSIS method.

Literature study results

The results of this study include (1) a list of identification challenges based on the results of the study of literature and (2) the calculation results of the TOPSIS method. The results of the identification of challenges are shown in table 3.

Tabel 3. Hasil Studi Literature

Aspect	Definition	Code	Challenge	Ref*
A. Institutional	Challenges related to legality and company relations with government and communities	A1	No land legality	[1]
		A2	No business legality	[1]
		A3	There is no legality of the oil palm seeds used	[1]
		A4	The majority of farmer organizations or cooperatives are not active	[1]
		A5	Company coordination with stakeholders (government, local communities, society, NGOs) is not good	[2]
B. Environment	Challenges related to the company's efforts to minimize the negative impact of waste felt by the community	B1	Lack of clarity on standards or regulations related to the environmental management of oil palm plantations	[1];[3]
C. Social	Challenges related to the social conditions of the surrounding local community / society	B2	Lack of use of automation system technology (real-time visibility) for operational monitoring of CSR programs on environmental management	[3]
		C1	Lack of competent workers who want to work in rural areas (company location)	[5]
		C2	Lack of fresh graduate workers who want to work in rural areas (company locations)	[5]
		C3	Lack of community support or participation in the formulation and implementation of CSR	[2]
		D. Economy	Challenges related to financial conditions	D1
E. Company internals	Challenges that arise from the internal party implementing the CSR program	D2	Lack of certainty of economic benefits from technology investment initiatives that support CSR programs	[3]
		D3	Limited corporate financing for CSR programs	[2];[3]
		E1	The CSR program plan must still be integrated with government or community planning.	[2]
		E2	CSR program planning does not involve external stakeholders (government, local communities, society, NGOs)	[2]
		E3	Lack of Internet availability and IT facilities	[3]
E4	Lack of monitoring of the implementation of CSR programs that have been approved to be implemented	E4	Lack of monitoring of the implementation of CSR programs that have been approved to be implemented	[3],[4]
		E5	The complexity of the company's regulatory structure in supporting the implementation of CSR programs	[4]

[1]→ (E. I. K. Putri et al., 2022); [2]→ (Apriani & Zaini, 2018) ; [3]→ (Abdul-Hamid et al., 2020), [4] → (Paoli et al., 2010), [5] → (Cheah et al., 2023)

Delphi results

Table 3 shows the results of a literature study on challenges in implementing CSR in the palm oil mills. The results of this literature study will then go through a relevance assessment process using the Delphi method. This stage aims to see the suitability of the challenges in the literature study with actual conditions. Delphi, in this study, took place in two rounds. The first round aims to assess the relevance and identify challenges that have yet to be found in the literature study. In contrast, the second round aims to validate the Delphi results in the second round. Table 4 shows the results of the first and second rounds of Delphi.

Table 4. Delphi Results

No	Challenge code	Delphi Round 1						Delphi Round 2					
		Mill X & Y			LA Hitung	LA standard	Result*	Mill X & Y			LA Hitung	LA standard	Result*
		Relevant	Not Relevant	Total				Relevant	Not Relevant	Total			
1	A1	7	3	10	70%	0,75	Not Relevant	Delete Delphi round 1					
2	A2	7	3	10	70%	0,75	Not Relevant	Delete Delphi round 1					
3	A3	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
4	A4	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
5	A5	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
6	B1	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
7	B2	6	4	10	60%	0,75	Not Relevant	Delete Delphi round 1					
8	C1	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
9	C2	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
10	C3	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
11	D1	9	1	10	90%	0,75	Relevant	9	1	10	0,9	0,75	Relevant
12	D2	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
13	D3	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
14	E1	7	3	10	70%	0,75	Not Relevant	Delete Delphi round 1					
15	E2	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
16	E3	9	1	10	90%	0,75	Relevant	9	1	10	0,9	0,75	Relevant
17	E4	8	2	10	80%	0,75	Relevant	8	2	10	0,8	0,75	Relevant
18	E5	9	1	10	90%	0,75	Relevant	9	1	10	0,9	0,75	Relevant
19	T1*	New challenge based on expert opinion						8	2	10	0,8	0,75	Relevant

*T1 → : The emergence of the latest laws and regulations that cause significant changes to existing operations will be a challenge that inhibiting the implementation of CSR

The results of the literature study produced eighteen challenges; four challenges had an agreement level <0.75, so they were considered irrelevant. Delphi round 1 resulted in 1 new challenge, namely T1 (: The emergence of the latest laws and regulations that cause significant changes to existing operations will be a challenge that inhibiting the implementation of CSR). The results of Delphi Round 1 are fifteen challenges that will go through the expert relevance assessment process. The results of Delphi round 2 showed that the fifteen challenges had an LA value > 0.75, so these were input in the TOPSIS assessment questionnaire.

TOPSIS Results

The assessments of the ten experts on the fifteen challenges resulting from the Delphi method were then assessed using a scale of 1 (not very inhibiting) to a scale of 5 (very inhibiting). The results of this assessment then go through the calculation process as shown in Figure 2, resulting in a calculation as shown in Table 5.

Table 5. TOPSIS Calculating Results

No	Code	Challenge	C*	Rank
1	A3	There is no legality of the oil palm seeds used	0,537949	4
2	A4	The majority of farmer organizations or cooperatives are not active	0,371925	11
3	A5	Company coordination with stakeholders (government, local communities, society, NGOs) is not good	0,659984	1
4	B1	Lack of clarity on standards or regulations related to the environmental management of oil palm plantations	0,284429	12
6	C1	Lack of competent workers who want to work in rural areas (company location)	0,40202	10
7	C2	Lack of fresh graduate workers who want to work in rural areas (company locations)	0,520398	6
8	C3	Lack of community support or participation in the formulation and implementation of CSR	0,421127	9
9	D1	The amount of capital investment for technology that supports CSR programs	0,435267	8
10	D2	Lack of certainty of economic benefits from technology investment initiatives that support CSR programs	0,586047	3
11	D3	Limited corporate financing for CSR programs	0,525324	5
12	E2	CSR program planning does not involve external stakeholders (government, local communities, society, NGOs)	0,441697	7
13	E3	Lack of Internet availability and IT facilities	0,264676	13
14	E4	Lack of monitoring of the implementation of CSR programs that have been approved to be implemented	0,217887	14
15	E5	The complexity of the company's regulatory structure in supporting the implementation of CSR programs	0,596638	2
16	T1	The emergence of the latest laws and regulations that cause significant changes to existing operations will be a challenge that hinders the implementation of CSR	0,170447	15

Discussion

Challenge Identification Analysis Results

Based on data processing results, fifteen challenges inhibiting the implementation of CSR in the sustainability certified palm oil mills. The fifteen challenges cover four aspects, namely institutional aspects (A), environmental aspects (B), economic aspects (C), and internal company aspects (D). After going through the relevance assessment process, there is one additional challenge, namely "T1. The emergence of the latest laws and regulations causes significant changes to existing operations". This challenge was a suggestion from respondent 1 in the Delphi round 1 round. However, in the second round, other respondents agreed to challenge T1 as a challenge that inhibit CSR implementation based on ISO 26000 in the sustainability certified palm oil mills. Changes to ISPO legislation through Presidential Regulation No. 44 in 2020. Comparison between the old ISPO (2015) and the new ISPO (2020), as shown in Table 6, the emergence of new regulations in the palm oil business to business (B2B) scheme or the implementation of a carbon trading or tax system (carbon trading or carbon tax).

However, there were policy dan regulatory vacuums and complexity at the sub-national level which made the implementation of the ISPO certification not run smoothly. One of the things that has become an obstacle to ISPO certification is the implementation of CSR that is not in line with ISO 26000 in the form of company coordination with stakeholders (government, community, local community, NGOs). Another obstacle relates to the uncertain response of local governments. Local-level governments also experienced uncertainty in following up on ISPO's regulations due to the many existing regulations and policies that are still in effect and have the potential to conflict and even collide with other regulations showed

the many ways of responding to the oil palm plantation certification process. According to (E. I. K. Putri et al., 2022) this is also a challenge for the Indonesian government by continuing to highlight the focus that exists at every level of authority related to the implementation of ISPO certification in the country so as to speed up the certification process.

Table 6. Differences between New ISPO and Old ISPO

Aspect	NEW ISPO (2020)	OLD ISPO (2015)
Base regulation	Presidential instruction No.44	Ministry of agriculture regulation No.11
The purpose	<ol style="list-style-type: none"> 1. Assure and improve management and development of oil palm plantations according to ISPO principles and criteria 2. Improve acceptance and competitiveness of Indonesian palm oil plantations products in national and international markets. 3. Accelerated efforts to reduce greenhouse gas emissions. 	<ol style="list-style-type: none"> 1. Ensuring palm oil companies apply the laws and regulations in Indonesia. 2. Contribute to reducing greenhouse gas emissions.
Principles	<ol style="list-style-type: none"> 1. Compliance with rules and regulation 2. Application of good plantation practices 3. Environmental management, natural resources and biodiversity 4. Responsibilities for workers 5. Social responsibilities and community economic empowerment 6. Application of transparency 7. Enhancement of business sustainability 	<ol style="list-style-type: none"> 1. Plantation legality 2. Plantation management 3. Protect of natural primary forests and peatlands 4. Environmental management and monitoring 5. Responsibilities for workers 6. Social responsibilities and community economic 7. Enhancement of business sustainability
Institutional	<p>The ISPO committee is chaired by a Ministry of Agriculture official, but members include government officials, business leaders, academics, civil society organizations and independent observers;</p> <p>Decision making on certification carried out by the Institute for Certification of ISPO (thus decreasing dependency on government bureaucracy).</p>	<p>The ISPO commission only consists of government officials.</p> <p>Decision making on ISPO certification is carried out by the ISPO Commission (thus fully dependent on the government).</p>
Obligation to have ISPO certification	<p>All growers, companies and smallholders.</p> <p>Smallholders are required to have a certificate of ISPO within 5 years after this regulation is published</p>	<p>Only companies are required to hold ISPO certificate.</p> <p>For smallholders ISPO certification is only voluntary</p>
Penalty	<p>Given by the Minister in the form of reprimand written, fines, freezing certificate ISPO and / or revocation of the ISPO certificate, revocation of business license of plantation,</p>	<p>Provided by the Governor or Regent as written warnings, a downgrading of plantation class and eventually revocation of business licenses.</p>
Financing	<p>For companies, charged to the applicant.</p> <p>For smallholders, funds are available through the State Budget (APBN),</p>	<p>Change to the applicant (only companies)</p>

Aspect	NEW ISPO (2020)	OLD ISPO (2015)
	Regional Budgets (APBD) and other legitimate sources.	

TOPSIS Analysis Results

The TOPSIS calculation results show that there are three most influential challenges in CSR implementation. These three factors include (1) Factor A5 "Company coordination with stakeholders (government, local communities, society, NGOs) is not good" (0.659984), (2) Factor E5 "The complexity of the company's regulatory structure in supporting the implementing CSR programs" (0.596638) and (3) Factor D2 "Lack of certainty of economic benefits from technology investment initiatives that support CSR programs" (0.586047). The details regarding the analysis of the three challenges are as follows:

- 1) Challenge A5 "Company coordination with stakeholders (government, local communities, society, NGOs) is not good"

Challenge A5 "The coordination between the company and stakeholders (government, community, local community, NGO) is not good" is the challenge with the highest weight in this study. Stakeholders involved in the palm oil industry include (1) shareholders, (2) local communities, (3) NGOs, (4) Government, (5) Buyers, (6) Financiers & (7) Competitors. The challenge related to coordinating palm oil mills with the community is related to the social license to operate (SLO). SLO is the basic contract for the legitimacy of company-specific activities or projects where these activities can harm third parties, such as communities and local social groups. Companies need SLO from society, communities, and social groups. Maintaining SLO is a challenge for palm oil producers to coordinate the impacts that arise for society, communities, and social groups and convince the public about the efforts of palm oil producers to overcome the impacts that arise. SLO or legitimacy is an acceptance and acknowledgment of the authority given by the community for the power that has been given to the company (Surbakti, 2007) so it is very important for moral ideals and maintaining corporate sustainability (Demuijnck & Fasterling, 2016). These results align with the research of Apriani & Zaini (2018), which revealed on the implementation of CSR for palm oil producers in the East Kutai Regency. The lack of coordination in the case of palm oil producers in Kutai Regency was shown by the absence of representatives of community leaders in formulating CSR programs. Challenge A5 also aligns with Sameer's research (2021) regarding CSR implementation, lack of coordination & awareness is an obstacle to the success of the CSR program formulated by the company (Sameer, 2021).

Furthermore, NGOs have a role in monitoring CSR implementation of sustainability certified palm oil mills (through criticism and discrepancies by companies) and making business CSR a source of funding (Leblanc, 2013). NGOs have a role in putting pressure on the government and companies, so NGOs often provide criticism and suggestions for improvements to government policies and company policies related to sustainability. According to Leblanc (2013), NGOs have an important role in overseeing the implementation of CSR. However, NGOs are also interested in allying with businesses to obtain funding sources other than government funding. The dual role of NGOs often results in biased criticism.

For example, company program proposals prioritize criteria according to the company's CSR budget to not harm the company's business; this is often different from where NGOs prioritize broad program coverage (which requires a large amount of money). This difference in point of view is a challenge for companies and NGOs to find a compromise between the program proposed by the NGO and the costs owned by the CSR

provider company. According to Christian & Limaho, (2020) coordination between companies and NGOs is a challenge in itself. This relates to the perspective of an NGO, which is different from that of a company. Companies use a business perspective to seek profit, while NGOs are not profit oriented. This difference in perspective will result in different priorities for CSR programs between companies and NGOs.

- 2) Challenge E5 "The complexity of the corporate regulatory structure in supporting the implementation of CSR programs."

Good CSR simplifies the relationship between a company and its stakeholders. CSR issues can be managed to generate profit for a company. If a company communicates its CSR well, it can improve the organization's financial performance. Even if companies spend many resources to engage in CSR, market equality will compensate for the cost of CSR with profits (P et al., 2020). The challenge of the complexity of the company's regulatory structure is related to the company's bureaucratic chain, which is getting longer, so approving a CSR program takes a long time.

The involvement of various levels of government also demonstrates the complex regulatory structure. The complexity of regulations involving various parties is illustrated in identifying needs that will be packaged in the CSR program. This identification process involves various levels of government, starting from the lurch, sub-district head to the government and provincial level offices. The complexity of the company's internal regulations as well as the complexity of government regulations, is a challenge in the implementation of CSR based on ISO 26000 in sustainability certified palm oil mills.

The complexity of the company's regulatory structure is a challenge with the second highest weight, this is in line with the results of research by Paoli et al (2010). Research by Paoli et al (2010) states that the complexity of a company's regulations regarding permits for operational activities has an impact on the speed of execution or the implementation of company activities that take a long time because they have to follow complex procedures. Companies should create regulatory structures that better support the execution of CSR program implementation to achieve corporate sustainability. According to Paoli et al (2010), to create a regulatory structure that better supports the execution of the implementation of this CSR program also requires comprehensive coordinated action from top management to workforce in the field so that the scale and speed of change can be ensured to be sufficient to provide long-term benefits for the company's sustainability.

- 3) Challenge D2 "Lack of certainty of economic benefits from technology investment initiatives that support CSR programs."

One of the priorities for the development of the CSR program is related to the digitization of the agricultural sector and the use of technology to optimize the performance of the production process. Palm oil producers have implemented CSR programs through research financing to mitigate technological agricultural disruption or optimize production process performance. Palm oil mills hope that through research funding, the performance of the palm oil production process will become more optimal and be able to reduce production costs. The goals are often not achieved because financing for research in the technology sector is still on a laboratory scale, or its use on a large scale (mass production) requires various process improvements and adjustments so that the expected economic benefits are easier to realize.

Lack of certainty of economic benefits from investment initiatives that support CSR programs is a challenge with the third highest weight. This challenge is in line with the results of research by Abdul-Hamid et al (2020) regarding challenges in utilizing technology in achieving sustainability in palm oil mills. A company's future can be threatened by failed investments because technology often requires high investment or large initial capital, and

in extreme conditions, high investment is often very challenging and risky. This raises the fear and doubt of many companies to start investing. Effective economic benefits are needed to increase investment security. This can be achieved when academic theory is proven effective with practice and provides a clear picture of the necessary economic benefits, it is very necessary low-cost technology that is technically and legally profitable to ensure the production process is effective and efficient so that it can be accepted by companies.

Based on the analysis of this study, the challenges of the palm oil mills in implementing ISO 26000-based CSR in sustainability certified palm oil mills. The biggest challenge in implementing ISO 26000-based CSR in sustainability certified palm oil mills is poor coordination between companies, governments, and local communities/society. One of the strategies for palm oil producers is to strengthen collaboration with the public and the local community; this strategy can be implemented by periodically holding a communication forum. This forum will facilitate the local community/society in voicing the needs of programs that the company will fund.

Recommendation Analysis

Stakeholder engagement is the main key to the success of sustainability practices (Wardhani and Rahadian, 2021). The process used by the organization must involve stakeholders; this aims to create collaboration between stakeholders so that sustainable development goals will be achieved. Stakeholders in the palm oil industry include company employees, suppliers, consumers or customers, creditors, shareholders, the community and the government (Waled Najib Moqbel et al., 2014). Stakeholders engagement is a solution to face challenges A5 "Company coordination with stakeholders (government, community, local community, NGOs) is not good." According to informant 1 in this study, improving stakeholder coordination through organizing dialogue forums to formulate CSR programs. The dialog aligns with the research of Ansu-Mensah et al. (2021), which considers dialogue forums as a form of activity in implementing diplomatic strategies. The diplomacy strategy is one of the strategies to increase stakeholder engagement.

The company's diplomatic strategy is a designation for the company's approach to farmer groups and the surrounding community for joint dialogue in a forum. This dialogue forum is a means for the community and farmer groups to express their needs in the CSR program of palm oil producers. This strategy is expected to create a feeling of "feeling understood" within the community and farmer groups to impact increased engagement.

One of the efforts to increase the involvement of plantation companies, traders and processors, as well as producers and retailers of consumer goods), as well as non-governmental organizations, financial institutions, and consulting institutions in CSR practices, is to establish mutually agreed governance. Another effort that can be made is to hold a dialogue to build knowledge about CSR implementation. This knowledge is expected to generate commitment among stakeholders so that the implementation of the CSR program runs smoothly.

Another alternative strategy to increase stakeholder collaboration is implementing a reward system. Companies that provide CSR can reward people who actively provide CSR program ideas that are right on target. Reward systems can also be given to researchers who can create technologies that support the implementation of CSR, for example, researchers developing technologies that can improve environmental performance.

CONCLUSION

CSR is the company's responsibility for the impact of its activities and decisions on society and the environment. Implementation of CSR guided by the principles of ISO 26000 can optimize CSR efforts in the company. CSR has an important role in improving people's welfare and reducing environmental impact, but the implementation of CSR is still not optimal. CSR implementation is influenced by three main challenges; (1) factor A5 "Company coordination with stakeholders (government, local communities, society, NGOs) is not good" (0.659984), (2) factor E5 "The complexity of the company's regulatory structure in supporting the implementation of CSR programs" (0.596638), and (3) factor D2 "Lack of certainty of economic benefits from technology investment initiatives that support CSR programs" (0.586047).

Activity recommendations for facing challenges in implementing CSR in line with ISO 26000 are implementing a stakeholder engagement strategy through discussion forums. One of the activities in the strategy of palm oil producers is to strengthen collaboration with society and local communities. This strategy can be implemented by holding regular communication forums. This forum will facilitate the society or local community in voicing the need for the program to be funded by the company. Furthermore, strengthen cooperation with the Indonesian government by highlighting the existing focus at each level of authority regarding the implementation of ISPO certification in the country to speed up the certification process.

Future research can involve more palm oil mills to make the research results more robust. This study has yet to analyze the relationship between challenges, so future research can analyze challenges using DEMATEL or structural models.

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