

COMPARISON OF CREATING SHARE VALUES (CSV) WITH CORPORATE SOCIAL RESPONSIBILITY (CSR) AS A COMPANY SUSTAINABILITY STRATEGY IN IMPROVING STAKEHOLDER WELFARE

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ABSTRACT

This research aims to determine and describe the role of CSR and CSV (Creating Shared Values) in a company in increasing community empowerment. The data analysis used is normative data analysis. This research uses data collection techniques by conducting library research and premier data. From the results of this research, we get an overall picture that CSR with CSV (Creating Shared Values) in private companies and state-owned companies has played an optimal role in increasing community empowerment. considered good in terms of community empowerment in the economic and socio-cultural fields. , and public education. There will be several comprehensive differences in its application in society. This can be seen from the role of CSR with CSV in involving regional governments as well as community participation and support to increase community empowerment in the regions. In this case, the impact between CSR and CSV can be seen in differences in terms of nature or time period and added value for both society and the company.

Keywords: Empowerment, Creating Shared Values, Social.

INTRODUCTION

The business world plays an important role in protecting environmental sustainability and increasing community prosperity, especially because companies in the extractive sector are responsible for natural resources. Through current developments, the concept of assuming social and environmental awareness will influence the survival of organizations in the future as well. Therefore, companies must share economic benefits and fulfill social and environmental responsibilities. CSR (Corporate Social Responsibility) or social and environmental responsibility is an essential aspect for companies and business organizations. CSR is a form of company promise and movement to fulfill its social responsibility towards society and the surrounding environment. Industry and the business world promote healthy financial development while taking into account environmental factors (Chairil N. Siregar:285). CSR in law. Government Regulation Number 40 of 2007 concerning Limited Liability Companies ("UUPT") and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies ("PP 47/2012"). TJSL is written in Article 74 of the Company Law and its notes. This regulation is intended for companies. According to Article 1 Paragraph 1 of the Company Law, a company (limited liability company) is a legal entity, a company with capital which is established based on a contract and carries out business activities using authorized capital which is all grouped into shares.

Meet the criteria of this law and its enforcement regulations. In carrying out sustainable environmental protection, companies and legal entities have responsibilities for the environment which are regulated directly through Law Number 32 of 2009 concerning Environmental Protection and Environmental Protection ("UU 32/2009"). In this context, organizations always monitor all production activities and take active action to protect the environment. The obligations of organizations and legal entities are regulated in Article 68 of Law 32 of 2009. Every individual who carries out a business or activity is obliged to carry out: (Erni R. Ernawan, 2007:28)

- a. Providing accurate, correct, open and timely data regarding environmental protection and management.
- b. Maintaining the sustainability of environmental functions, as well as
- c. Fulfillment of regulations regarding environmental quality standards and quality standards for environmental damage.

We find that companies have various incentives to practice CSR. Various parties are of the opinion that CSR is implemented to simply cover up the company's mistakes and create a positive image in society. Furthermore, there is no unified consensus regarding the meaning and theory of CSR, resulting in companies having different insights and understandings of its practice. In the midst of the CSR turmoil, Porter and Kramer brought some light by introducing a new principle called CSV (Creating Shared Value) (Kadin considers the CSR article in the UUPT as not fundamental" [http://www. Hukumonline.com/detail.asp?id=18635&cl=News](http://www.Hukumonline.com/detail.asp?id=18635&cl=News)). The concept of Creating Shared Value (CSV) has attracted significant attention among the business world and researchers because the integration of various regulations and operational policies can help encourage sustainable community development. CSV proposes three-dimensional innovation that is mutually sufficient and forms a virtuous cycle as well as redesigning products and markets, redefining value chain productivity, and having the opportunity to grow local clusters (Lichtenthaler, 2017).

The CSV principle is based on the idea of a relationship of interdependence in business with social prosperity. Porter criticized the fact that economic and social issues were always in conflict. Entrepreneurs also have the heart to risk social prosperity for profit, for example through implementing production processes that are not environmentally friendly or cause pollution. CSV focuses on the potential to create competitive advantage by considering social concerns as a key aspect when forming corporate plans.

Referring to Porter, companies should implement CSV, not CSR. Even though CSR and CSV are not the same, the two things are based on the same basis: "doing well by doing good". The biggest difference in these two principles is that CSR

is about 'responsibility', but CSV is about creation based on shared values. CSV is a change or evolution of CSR. Through his article "The Big Idea: Creating Shared Value" Porter from Harvard University emphasizes that the application of CSV is more than just CSR, which usually emphasizes reputation. Creating shared value is an important element for profitability and power. organizational competitiveness. However, changing social aspects into economic aspects is not easy," wrote Porter (Bertens, K., 2000:21). Companies can create or create shared value (CSV) through 3 methods:

1. Companies must redefine their markets and products. Is our product needed by the market, does our product have value for the market we are targeting, or is our product useful and consumed as much as possible?
2. Redefining productivity across the value chain. Is the business we do really useful for the productivity of our company's value chain? Because it is influenced. There must be joint achievements between the productivity of the organization's value chain and environmental development. Synergy arises when organizations approach social problems from the perspective of shared values and create methods when doing business to overcome these social problems. Porter and Kramer explain that there are a handful of elements value chains that can be improved, such as logistics, resource use, and procurement. Nestlé, an instant coffee producer, achieves this by actively helping coffee farmers improve the quality of their products. Unilever will achieve this through adding black bean producers, thereby ensuring increased availability of Bango soy sauce products.
3. Growing supporting industrial clusters around the company area. An organization's productivity and innovation also refer to its location, its suppliers, its service providers, as well as its logistics infrastructure area. Providers who support the operations of large companies can take advantage of industrial developments around the company. For example, PT Badak LNG runs a local business development program by empowering local traders to meet their needs. Of course, cultivation and assistance are needed to ensure the quality of services required can compete with external providers (M. Yatimin Abdullah, 2013: 48).

From an institutional perspective, Fitrianti (2017) explains that the CSV principle is based on the idea of interdependence between the economy and social welfare. CSV focuses on the potential to create competitive advantages by considering social concerns as a key aspect when forming company plans. Shared value creation has the potential to be an ideal example in encouraging the emergence of collective value in community business relationships. The value co-creation model with independent smallholder development strategies is seen to contribute positive to encourage the competitiveness of the palm oil industry value chain.

FORMULATION OF THE PROBLEM

1. What is the difference between Creating Shared Values and Corporate Social Responsibility?
2. What are the advantages of Creating Shared Value compared to Corporate Social Responsibility?

RESEARCH METHODS

The type of research used in this research is the Normative approach. The approach used is a statutory approach, namely the Basic Agrarian Law Number 5 of 1960. The legal material used is secondary legal material, the data analysis method used is qualitative and the results of the analysis are presented descriptively, from which answers to problems will then be obtained. and draw conclusions about the answer to the problem.

DISCUSSION

Difference between Creating Share Values and Corporate Social Responsibility

Based on the explanation above, it is clear that CSV is different from CSR. CSV is a development of the concept of CSR. The difference between CSR and CVS is as follows (Porter & Kramer, 2011):

Table 3. Differences between CSV and CSR

CSV	CSR
Social-economic benefits versus savings	Doing good
Create value jointly between the company and the community	Citizenship, philanthropy, sustainability
Integrated with business competitiveness	Policy or response to external pressure
Integrated with profit achievement	Separate from achieving profits
Created and determined specifically from within the organization	Determined by reports from external parties or reactive
Contributing to society and the environment as a social responsibility	Creating value for the company and society through products or services
received positive feedback from the Community	Receive positive feedback from the community and improve Company performance
Managing environmental and social risks	exploit business opportunities from social and environmental problems

Porter and Kramer had the idea that organizations must solve social problems by changing their business models to meet society's needs while creating financial value internally. Porter and Kramer describe shared value as operational progress that drives organizational competitiveness while still considering financial and social situations. Referring to Lapina et al., CSV is a new principle which has the idea that social progress is a source of company success and that social issues have many

opportunities to encourage competitiveness and create value for the company. Porter and Kramer found that social disadvantage gave rise to internal funding for firms. However, this does not overcome the weaknesses and losses caused by increasing business funds, because companies can innovate using technology, operating techniques and new management approaches. This increases company productivity and also grows the market (Porter & Kramer, 2011). The essential achievement of the CSV principle is to create a more progressive capitalism and make social obligations no longer a burden but a long-term investment that provides profits for the organization (Crane & et.al, 2014). CSV and CSR are not the same thing. The biggest difference is that CSR is about responsibility, but CSV emphasizes shared values and the emergence of values, and focuses on the essence of considering social issues and needs when developing organizational strategies (Porter ME, 2013). If the CSR program is limited to friendly efforts to fulfill the company's social obligations, this means that the main goal of CSV is to build long-term relationships that are mutually beneficial for the company and its partners.

CSV principles are used in many large companies. Organizations adopt CSV because it has proven to be economically, socially and environmentally useful for the wider community and contributes to resolving the issues they face. According to Porter and Kramer, there are three ways to achieve shared value.(Porter & Kramer, 2011):

1) Product and Market Redefinition.

In today's economy, demand for goods and services that meet public needs is increasing rapidly. Food companies, which typically focus on taste and quantity to increase consumption, are now shifting their emphasis to the basic need for better nutrition. For organizations, the first stage in generating shared value is through identifying all social needs as well as the potential benefits and weaknesses of their products. These opportunities are not consistent, but continue to transform along with technological developments, financial development, and changes in society's focus. By continuing to explore society's needs, companies gain new opportunities to differentiate and reposition their positions in traditional markets and become aware of new market opportunities that they previously did not pay attention to.

An example of using CSV to redefine products and markets can be found through the PT Ajinomoto Indonesia program which collaborates with Ajinomoto Indonesia, the IPB Regional Nutrition Bureau and the Indonesian Ministry of Religion, we provide SLP guidelines regarding nutrition education, program guides, and various applications of delicious food. A balanced and nutritious menu that is easy to use in Islamic boarding schools and public schools. Providing a lunch menu for santri and/or students. With these SLP guidelines, PT Ajinomoto Indonesia has achieved success in implementing this program in more Islamic boarding schools and state schools to improve the nutritional conditions of Indonesia's young generation, especially in the pandemic era.(Ajinomoto, 2021).

2) Redefinition of Productivity in the Value Chain.

The value chain of an organization has an impact and is affected by various social issues in the company, such as: use of natural resources and water, health and safety, working conditions, and equal treatment of employees at work sites. These social problems can generate economic funds in the company's value chain, thereby increasing opportunities to create shared value. For example, in 2009, Walmart solved the problem of product overpackaging and greenhouse gas emissions by reducing packaging and changing truck routes to eliminate 100 million miles on delivery routes, for a total of \$200 million. When companies ship more products, costs can be saved. Innovations in processing used plastic in stores have reduced landfill costs and saved millions of lives.

Another example of implementing CSV when redefining productivity in the value chain can be found at PT Pabrik Semen Gresik Rembang, namely through bootcamp and apprenticeship programs to encourage the abilities of selected workers, these workers also come from the local population, to further improve the abilities and skills of employees to provide social benefits. Skills can be improved, training can be improved and the risk of dismissal can be minimized. The economic benefit is that it does not affect the company's production progress, because existing personnel are already trained(Manan, 2021).

3) Enables Local Cluster Development

No organization can survive alone. The success of an organization is impacted by its supporting companies and the facilities around it (Andelin et al, 2015). Productivity and innovation are greatly affected by "clusters" or geographic concentrations of organizations, affiliates, suppliers, service providers and logistics facilities in specific areas. The cluster includes institutions, business associations, business competition law, quality indicators, and market transparency. Clusters play an essential contribution in increasing productivity, innovation and competition, and conversely, if clusters are not supported, productivity can decrease. Companies create shared values by forming clusters to encourage productivity while filling gaps in the cluster.

An example of using CSV in local cluster development can be found at PT. Semen Gresik Lembang Factory, namely Gresik, for renovation of places of worship, road rehabilitation, livable housing, village halls, public prosecutor's service rooms, drilled wells, tourist parks, cottage halls, and several kindergarten buildings. The Gresik Lembang Semen Factory is very important for the local community because it is supported by the construction of religious areas, road improvements, livable housing, village halls, public service offices at the prosecutor's office, well drilling, tourist parks and cottages. Renovation of the hall and a handful of kindergarten buildings is possible and brings economic benefits, especially as a medium for promoting the quality of Gresik cement products(Manan, 2021).

Several organizations in Indonesia have implemented CSV because the concept can bring other benefits to both the company and the environment. Below are examples of organizations that have implemented CSV as part of their company continuity strategy (Olahkarsa, 2021):

1) **PT Pertamina (Persero) with the CSV Pinky Movement program**

The CSV Pinky Movement program shares good values for the public, especially MSMEs, Pertamina is the program organizer, and the government is the regulator. Pinky Movement is a TJSL program which aims to empower MSMEs to advance to class through funding and company development. This program focuses on real efforts to reduce the burden of grants and achieve goals. This will further open up potential for MSMEs, especially LPG distributors, through the sale of non-subsidized LPG. MSMEs that use subsidized LPG and want to switch to using non-subsidized LPG can benefit from this program. You can get more benefits by contributing.

2) PT Taspen (Persero) with the Smart Entrepreneurship CSV program

As a form of responsibility to the public, TASPEN has a Smart Entrepreneurship Program which is its flagship program. This program is part of TASPEN's efforts to build a continuous CSV program for ASN participants throughout Indonesia by providing access to training, funding, mentoring and marketing.

3) PT Jasa Raharja with the CSV Traffic Hero & Youth Traffic Innovation program

Jasa Raharja collaborates with the safe driving community through the Traffic Hero and Youth Innovations programs. The program targets 30 volunteers who will be placed in 60 locations prone to accidents and traffic jams. Apart from that, Jasa Raharja works together with various stakeholders to successfully provide additional income for traffic heroes, increase the community satisfaction index, and reduce the issue of accidents.

Referring to the discussion above, it is clear that various companies are implementing CSV as a company continuity strategy. Therefore, in order to solve social and environmental problems, organizations do not only need to carry out social obligations, but also implement the principles of shared values, so they can solve social and environmental problems. Environmental problems no longer exist. Even though in the external realm it is just a responsibility, this is an aspect that needs to be considered when making a company program into a company continuity plan, providing economic benefits to the company when overcoming social and environmental problems. Awale and Rowlinson also explained that the basis of value co-creation is the company's ability to transform social problems into business opportunities that can be calculated based on social and business value (K, 2016). The CSV strategy is a solution to CSR funding problems that often plague companies. With CSV, no additional funds are needed because the costs are included in the program. CSV is a principle that companies practice by developing CSR principles, but it is different from CSR which already has a legal basis. Even though CSV is a newly developed CSR principle, there is still no formal legal basis that can be applied to CSV. Even though the CSV principle is more attractive than the CSR principle, CSV is basically about doing good or doing good to the public and the environment so that the company can make a profit. If this could be achieved across all industries, more organizations could have a positive impact on their stakeholders.

The Company's impact on improving CSV welfare

Even though CSV does not yet have any arrangements/regulations so the nature of its implementation is still voluntary or on the company's own initiative, which is different from CSR where its implementation is mandatory because it has been regulated in statutory regulations, and if the company violates it, it will receive sanctions, but there are several Companies in Indonesia have implemented CSV because they consider CSV to be a concept that has a more sustainable purpose that creates shared value from an economic, social and environmental perspective. The consequences/impacts for companies that apply the CSV concept compared to CSR, even though CSV has not been explicitly regulated in a statutory regulation, are as follows:

First, in terms of value, CSV focuses more on socio-economic benefits because it involves stakeholders related to the company's business continuity. This results in budget savings for the company. On the other hand, CSR often only shows a temporary commitment as a form of company existence in the eyes of society, without carrying out sustainable community empowerment.

Second, in terms of concept, CSV emphasizes the creation of shared value between the company and the community through partnerships with stakeholders in running its business. This results in sustainable mutual benefits. Meanwhile, CSR often has a philanthropic concept, where companies provide cash donations or other assistance, but do not have a significant impact on society in the long term.

Third, in terms of nature, CSV is integrated with the company's competitiveness. Through the implementation of CSV, a company's reputation can increase in the long term, which in turn will increase public trust and the company's competitiveness. On the other hand, CSR is often carried out only to protect the company's reputation from public pressure and avoid temporary conflicts.

Fourth, in terms of results, CSV is integrated with achieving company profits. The CSV concept maximizes the profits obtained by the company because CSV activities are in accordance with the business being run, while CSR is separate from achieving company profits because it is often not integrated with the company's business activities.

Fifth, in terms of agenda, CSV is implemented internally and prepared with a mature and continuous planning system in accordance with the company's vision and mission. On the other hand, CSR is often determined by external pressures without considering the appropriate goals (Porter, 2011: 8).

Basically, companies that implement CSV to fulfill social and environmental obligations can create added value for society and companies, because the CSV concept involves stakeholders not only as a form of responsive social responsibility, but also as parties who play an important role in the production process and supply of raw materials. In this case, companies not only take advantage of society, but also give back through developing more sustainable products and services. By increasing added value for society, companies can increase their competitiveness and business sustainability.

Of course with the CSV concept the company will design operational policies and strategies that increase the company's competitiveness and simultaneously advance economic and social conditions in the communities where the company operates, so that it not only creates economic opportunities for society, but also new business opportunities for companies. The empowerment carried out will lead the social community towards independence so that the impact provided will be long-term. In addition, CSV will also lead to efficiency, differentiation and market expansion because the resources involved have improved their quality. By implementing CSV to meet growing needs, companies will be able to answer the main focus which has been a problem (Porter, 2011: 50).

Porter and Kramer (2011) themselves stated that the existence of social weaknesses and disadvantages actually creates internal costs for the company. However, this does not mean that dealing with weaknesses and losses will immediately increase the company's costs. For this reason, both of them propose that companies can innovate through the use of new technology, operating methods and management approaches. That way, the company's productivity will increase and in turn this will help expand the market. CSV is a business strategy that emphasizes the importance of including social problems and needs in designing company strategy. The suitability of CSV models to address the trade-off between social and economic objectives has been widely

questioned. The CSV concept has ignored the tensions that can arise between social and economic objectives and the negative impacts on stakeholders. As is CSV can be a management strategy that focuses on identifying and expanding the relationship between society and economic progress by addressing social problems that intersect with business (Scagnelidan Cizi, 2014: 9).

Because the CSV concept does not separate a separate budget/cost for fulfilling social and environmental obligations, where the budget/cost has been calculated with the program budget/cost created by the company, which is different from CSR where the budget/cost for social and environmental responsibility is separate or created individually. Specifically, the essence of CSV is to increase the company's competitive advantage as seen from low costs, which indicate a focus on using funds for two elements at once, namely business and social elements. If it is assumed, if the company can maintain income, then using funds for two elements at once can increase the company's profits, compared to using separate funds for each element. Apart from increasing company profits, CSV simultaneously improves the social welfare of the company's external environment.

Through CSV, companies can prove themselves to be economically, socially and environmentally beneficial to the wider community, and help solve existing social problems. Thus, the choice of program to implement CSV is not possible if it is only a charitable and infrastructure program, but must involve active community participation to optimize local potential, realize independence and lead to prosperity. On the other hand, the program must also contribute to the company's sustainability, this could be in terms of availability of raw materials, expanding markets, or so on. In the process of implementing the CSV program, companies can collaborate with other actors such as non-governmental organizations, individuals, and others. According to Charles H. Clooley, cooperation arises when people realize that they have the same interests and, at the same time, have enough knowledge to fulfill these interests through cooperation (Horton, 1918:37).

CONCLUSION

The advantages of the CSV concept compared to CSR, it is necessary to have an arrangement/regulation regarding CSV, so that the implementation of CSV in Indonesian companies can create more legal certainty because there are clear benchmarks regarding CSV. The 1945 Constitution of the Republic of Indonesia Article 33 paragraph (4) states that "The national economy is organized based on economic democracy with the principles of togetherness, efficiency, justice, sustainability, environmental awareness, independence, and by maintaining a balance of progress and national economic unity." Based on the constitutional mandate, it is very rational for CSV to be regulated in the statutory system in the field of company law. This is done as an effort to realize the goals of economic development that are based on the principles of togetherness, efficiency, justice, sustainability, environmental insight, independence, as well as maintaining the balance of progress and unity of the national economy. As an effort to realize community welfare. Arrangements/regulations regarding CSV are needed to support the establishment of corporate relationships that are harmonious, balanced and in accordance with the environment, values, norms and culture of the local community.

The CSV concept has positive consequences/impacts, including making social and environmental challenges the heart of strategy and business opportunities by creating value for society and value for the company. CSV opens up many ways to serve new needs, gain efficiency, create differentiation and expand markets, and implementing CSV is a smart strategy for companies to build sustainable competitive advantages. By implementing the CSV concept, where there is stakeholder involvement, stakeholder welfare can be achieved in a sustainable manner. However, the CSV concept has a weakness, namely, there is no guidance on how to manage trade-offs (mutual excesses between business and social) without ignoring various stakeholders.

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