

# THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY PROGRAMS BASED ON ISO 26000 AND GRI STANDARDS ON CORPORATE BUSINESS STRATEGY: A QUALITATIVE CASE STUDY OF PT ADARO ENERGY INDONESIA

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## ABSTRACT

*Corporate Social Responsibility (CSR) has increasingly evolved from a philanthropic initiative into a strategic governance mechanism, particularly within resource-intensive industries such as mining and energy. Corporations operating in these sectors are subject to heightened environmental, social, and regulatory pressures, requiring CSR to be systematically integrated into business strategy. This study examines the influence of CSR programs aligned with ISO 26000 and Global Reporting Initiative (GRI) Standards on corporate business strategy, using PT Adaro Energy Indonesia as an in-depth qualitative case study. Employing a descriptive qualitative methodology and document-based analysis, this research evaluates CSR implementation and disclosure based on sustainability reports, academic literature, and regulatory frameworks. The findings indicate that Adaro's CSR initiatives are institutionally embedded within its corporate strategy through centralized governance, stakeholder engagement, and alignment with national sustainability priorities. However, challenges remain in the consistency of sustainability reporting, environmental materiality disclosure, and occupational health and safety risk mitigation. This study contributes to international CSR and management literature by demonstrating how global CSR frameworks can enhance strategic legitimacy, risk management, and long-term value creation in emerging economies.*

**Keywords:** *Corporate Social Responsibility; ISO 26000; Global Reporting Initiative; Business Strategy; Mining Industry; Emerging Economies.*

## INTRODUCTION

The role of Corporate Social Responsibility (CSR) has undergone a substantial transformation over the past three decades. Initially perceived as a voluntary philanthropic activity, CSR has progressively become a strategic imperative for corporations, particularly those operating in environmentally sensitive and socially complex sectors such as mining and energy. The increasing integration of Environmental, Social, and Governance (ESG) considerations into corporate decision-making reflects broader global concerns regarding sustainable development, climate change, and social equity (Narbel and Muff 2017).

In developing countries, the extractive industry faces dual pressures: the need to contribute to national economic growth while simultaneously mitigating negative social and environmental impacts. Governments, communities, investors, and civil society organizations increasingly demand transparency and accountability in corporate operations. Consequently, CSR disclosure has become an essential tool for maintaining organizational legitimacy and securing a social license to operate (Mousa and Hassan 2015).

In Indonesia, CSR implementation is not solely driven by voluntary corporate initiatives. Law No. 40 of 2007 mandates CSR for companies operating in natural resource-based industries, positioning Indonesia as one of the few countries where CSR is legally required. Despite this regulatory framework, empirical studies reveal that CSR disclosure among Indonesian mining companies remains inconsistent, with variations in scope, depth,

and strategic coherence (Sari & (Ratih and Sari 2023).

This study focuses on PT Adaro Energy Indonesia, one of Indonesia's largest integrated mining and energy corporations. Given its scale, operational footprint, and public visibility, Adaro provides a relevant case for examining how CSR programs aligned with ISO 26000 and GRI Standards influence corporate business strategy in an emerging economy context.

## **Literature Review and Theoretical Framework**

### **1. Corporate Social Responsibility and Strategic Management**

Corporate Social Responsibility refers to the responsibility of organizations for the impacts of their decisions and activities on society and the environment, conducted through transparent and ethical behavior that contributes to sustainable development. Carroll's CSR Pyramid conceptualizes CSR as consisting of four interrelated dimensions: economic, legal, ethical, and philanthropic responsibilities (Carroll 2016). While economic responsibility remains foundational, corporations are increasingly expected to fulfill ethical and social obligations beyond legal compliance.

From a strategic management perspective, CSR is increasingly viewed as a source of competitive advantage rather than a cost burden. Strategic CSR enables firms to enhance corporate reputation, strengthen stakeholder relationships, and mitigate operational risks (Dodd et al. 2006). In high-impact industries such as mining, CSR plays a critical role in managing conflicts with local communities and environmental stakeholders.

### **2. Legitimacy Theory and Stakeholder Theory**

Legitimacy theory posits that organizations seek to ensure their activities are perceived as congruent with societal norms and values to maintain legitimacy and continued access to resources (Deegan 2014). CSR disclosure serves as a mechanism through which corporations communicate alignment with societal expectations.

Stakeholder theory complements this perspective by emphasizing that corporations must balance the interests of multiple stakeholders, including shareholders, employees, communities, regulators, and the environment. CSR frameworks such as ISO 26000 and GRI provide structured mechanisms for identifying, engaging, and reporting to stakeholders.

### **3. ISO 26000 and Global Reporting Initiative (GRI)**

ISO 26000 offers international guidance on social responsibility, encompassing seven core subjects: organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues, and community involvement and development. Unlike certifiable ISO standards, ISO 26000 emphasizes integration across organizational activities and decision-making processes. The Global Reporting Initiative (GRI) provides the most widely adopted sustainability reporting framework globally. GRI Standards facilitate standardized disclosure of economic, environmental, and social performance, enabling comparability and transparency across organizations and countries. Approximately 73% of the world's largest corporations utilize GRI-based sustainability reporting.

## **RESEARCH METHODOLOGY**

### **1. Research Design**

This study employs a qualitative descriptive research design, focusing on document analysis to evaluate CSR practices and strategic integration at PT Adaro Energy Indonesia. Qualitative methods are particularly suitable for examining CSR implementation, as they allow for in-depth exploration of institutional, regulatory, and contextual factors (Islam, Sultan, and Kasim 2021).

## **2. Data Sources**

Secondary data were collected from:

- Sustainability Reports of PT Adaro Energy Indonesia (2022)
- Academic literature on CSR, ISO 26000, and GRI
- Regulatory documents and prior CSR studies within the Indonesian mining sector

## **3. Data Analysis Technique**

Data analysis followed the interactive model proposed by Miles and Huberman (2003), consisting of data reduction, data display, and conclusion drawing. CSR disclosures were mapped against ISO 26000 core subjects and GRI indicators to assess compliance and strategic relevance.

# **RESULTS AND DISCUSSION**

## **Corporate Profile of PT Adaro Energy Indonesia**

PT Adaro Energy Indonesia is a vertically integrated mining and energy group operating across coal mining, logistics, power generation, water management, and infrastructure development. Established in 2004 and listed on the Indonesia Stock Exchange in 2008, the company operates through multiple business pillars, including mining services, logistics, power, and community development.

Adaro's operations are concentrated primarily in Kalimantan, where mining activities have significant social and environmental implications. In response, the company has articulated a sustainability vision focused on responsible resource management, community empowerment, and environmental stewardship.

## **CSR Management and Program Implementation**

### **1. Evolution of CSR at Adaro**

Adaro's CSR implementation has evolved through three distinct phases: pioneering, establishment, and continuous improvement. Initially, CSR activities were largely philanthropic and reactive. Over time, regulatory requirements and stakeholder expectations prompted the company to adopt a more systematic and strategic approach to CSR.

### **2. The “Adaro Nyalakan Perubahan” Framework**

Adaro's flagship CSR initiative, Adaro Nyalakan Perubahan (“Adaro Ignites Change”), serves as the central framework for community development and sustainability programs. This framework targets five key dimensions: education, economic empowerment, health, socio-cultural development, and environmental sustainability.

Programs under this framework include educational scholarships, early childhood education development, community-based economic empowerment initiatives, public health programs addressing stunting, cultural preservation projects, and environmental initiatives such as waste-to-energy innovations.

## **Alignment with ISO 26000 and GRI Standards**

The analysis indicates that Adaro's CSR initiatives substantially align with ISO 26000 core subjects, particularly in community involvement, labor practices, and environmental responsibility. CSR governance is centralized through the Adaro Bangun Negeri Foundation, enhancing coordination and consistency across operational areas.

GRI-based sustainability reporting is employed to disclose economic, environmental, and social performance. Economic indicators are reported comprehensively, while environmental and social indicators exhibit moderate disclosure levels. This pattern is consistent with prior studies on CSR disclosure within Indonesian mining companies (Maghfiroh, 2016).

### **Discussion: CSR as a Strategic Governance Mechanism**

The findings demonstrate that CSR at PT Adaro Energy Indonesia functions as a strategic governance mechanism rather than a purely compliance-driven activity. ISO 26000 provides an internal normative framework guiding ethical decision-making and stakeholder engagement, while GRI serves as an external communication tool enhancing transparency and legitimacy.

CSR integration contributes to risk mitigation, particularly in managing community relations and regulatory compliance. However, challenges remain in strengthening occupational health and safety disclosure, environmental materiality assessment, and longitudinal sustainability performance reporting.

### **CONCLUSION**

This study concludes that Corporate Social Responsibility (CSR) programs integrated with ISO 26000 guidelines and the Global Reporting Initiative (GRI) Standards exert a significant influence on corporate business strategy within the mining sector. The case of PT Adaro Energy Indonesia (recently evolving into PT Alamtri Resources Indonesia in 2024) illustrates that CSR initiatives are no longer peripheral activities but strategic drivers that shape corporate direction and stakeholder engagement. The company's sustainability reporting demonstrates adherence to internationally recognized frameworks, enabling systematic disclosure of economic, social, and environmental impacts. These disclosures — grounded in the GRI Standards — contribute to transparency, accountability, and enhanced stakeholder trust, while fulfilling broader expectations of sustainable development. The consistency and materiality of CSR disclosures have been shown in past analyses of Adaro's sustainability reports, where social aspects constituted the largest portion of reported CSR activities over multiple years.

CSR programs at Adaro also demonstrate structured governance mechanisms that align community development, environmental stewardship, and economic growth with corporate strategy. Through collaborative programs with local governments and communities, Adaro's initiatives extend beyond regulatory compliance, supporting community empowerment and long-term socio-economic resilience. These findings indicate that strategic CSR implementation contributes to organizational legitimacy, risk mitigation, and value creation in an industry often scrutinized for environmental impact.

#### **Managerial Implications**

##### **1. Strategic Integration of CSR**

CSR should be institutionalized within corporate strategic planning — not treated as a peripheral compliance or philanthropic function. Aligning CSR with core business strategy enables mining companies to manage social and environmental risks proactively, fostering resilience and competitive advantage. Embedding CSR into governance structures underscores its relevance in decision-making and resource allocation. Effective CSR thus becomes a tool for achieving both sustainability and business objectives, rather than merely fulfilling external expectations.

##### **2. Enhanced Sustainability Reporting Based on Materiality**

The quality and credibility of sustainability reporting should be strengthened by emphasizing material environmental and social issues that reflect stakeholder concerns and the company's most significant impacts. Reporting aligned with the GRI Standards facilitates coherent communication of performance across economic, environmental, and social dimensions. Prioritizing material topics enhances transparency and enables

stakeholders — including investors, communities, and regulators — to assess sustainability performance more meaningfully. Analyses of Adaro's sustainability disclosures show relatively high reporting rates but also indicate areas for deeper material focus, particularly regarding environmental indicators.

### **3. Strengthening CSR Governance and Stakeholder Engagement**

Corporate leaders should establish robust CSR governance frameworks — including dedicated departments, clear performance metrics, and multi-stakeholder dialogues — to ensure consistency and accountability. Engaging stakeholders through collaborative processes enhances trust, reduces conflict, and ensures that CSR initiatives respond to genuine community needs. Partnerships with government actors, civil society, and local communities are particularly critical in the mining sector, where social license to operate greatly affects long-term viability.

### **4. Monitoring and Evaluation Systems**

To maximize CSR impact, companies must implement systematic monitoring and evaluation mechanisms that assess both the implementation process and outcomes. Regular evaluation supports adaptive management, enabling businesses to refine strategies in response to changing social or environmental conditions. This not only improves internal performance but also strengthens external credibility.

### **Research Implications**

#### **1. Cross-Country Comparative Research**

Future research should adopt comparative cross-country approaches to examine how CSR practices and their strategic impacts vary across different regulatory, cultural, and economic contexts. Comparisons between mining firms in emerging and developed economies can illuminate how external pressures — such as legal frameworks, stakeholder expectations, and cultural norms — shape CSR integration and effectiveness.

#### **2. Longitudinal and Mixed-Methods Research Designs**

Longitudinal studies that track CSR implementation and reporting quality over time are needed to understand dynamic relationships between CSR alignment, strategic change, and performance outcomes. Integrating quantitative measures (e.g., sustainability indices, financial and non-financial performance data) with qualitative insights (e.g., interviews with management and stakeholders) would yield richer interpretations of CSR's strategic role.

#### **3. Contextual and Behavioral Variables**

Future research should explore contextual variables (e.g., regulatory environments, industry norms) and organizational behavior factors (e.g., leadership commitment, corporate culture) to determine how they influence CSR adoption, reporting practices, and strategic outcomes. These studies could deepen understanding of barriers and facilitators in CSR implementation, especially in resource-intensive sectors like mining.

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