



GREEN ECONOMY-BASED CORPORATE SOCIAL RESPONSIBILITY: A CASE STUDY OF PT. PASANGKAYU

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ABSTRACT

Purpose: This study aims to analyze how companies can integrate Green Economy principles in the implementation of CSR carried out by the company in order to achieve a balance between business profits, social responsibility, and environmental sustainability. **Methodology:** The research method used in this research is through a qualitative approach with descriptive methods, with the research subject being PT. Pasangkayu. Data collection techniques using 3 stages, namely: The process of entering the research location, when in the research location, collecting data including: observation, interviews, and documentation. **Fundings & Results:** A key finding of this study is the integration between CSR policies and Green Economy principles, demonstrating a dual contribution to community welfare and corporate reputation enhancement. **Results:** The results of this study indicate that PT. Pasangkayu has taken proactive steps in integrating sustainability principles into the company's business operations and strategies through 4 priority pillars of CSR programs that focus on community economic empowerment, environmental sustainability, education and health as evidenced by the recap of CSR implementation programs. **Novelty & Originality:** The novelty of this research lies in its integrative analysis of Green Economy principles and CSR implementation within the palm oil industry, a topic rarely explored in depth. **Originality:** This study provides insight into the integration of green economic principles in the implementation of corporate social responsibility (CSR) at PT. Pasangkayu. **Conclusion:** The study concludes that PT. Pasangkayu is committed to sustainable practices through its CSR initiatives, despite facing ongoing social and environmental challenges. **Type of Paper:** Empirical research Paper.

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INTRODUCTION

Corporate Social Responsibility (CSR) has evolved from a voluntary corporate action to a strategic necessity aligned with sustainability goals. The increasing global demand for corporate accountability in environmental and social aspects has pushed companies to go beyond profit-seeking behaviors (Carroll & Brown, 2018; Elkington & Rowlands, 1999). The integration of CSR with Green Economy principles—which prioritize sustainable natural resource use, environmental protection, and social equity—offers a new paradigm in corporate governance (OECD, 2020; PLANET,

2019). In this context, Green Economy-based CSR becomes a crucial framework for industries that heavily depend on natural resources, such as the palm oil sector.

In Indonesia, CSR implementation has gained legal backing through Law No. 40 of 2007 on Limited Liability Companies, which mandates companies operating in natural resource sectors to carry out social and environmental responsibilities. Despite this regulation, many companies continue to adopt CSR practices in a fragmented or symbolic manner, without integrating them into sustainable corporate strategies (Wibisono, 2007). This gap between regulatory mandates and practical implementation highlights the need for critical studies that assess CSR not only in terms of compliance but also in terms of alignment with sustainability frameworks like the Green Economy.

In this research, the object of research is related to the implementation of CSR Pasangkayu, located in West Sulawesi, is a subsidiary of PT Astra Agro Lestari, which is based on the *Green Economy*. is engaged in the palm oil processing industry with a total plantation area of 285,387 hectares located on the islands of Sumatra, Kalimantan and Sulawesi. The Company's plantation area is divided into core plantations of 213,158 hectares and plasma plantations of 72,229 hectares (Annual Report PT Astra Agro Lestari Tbk, 2023), where the CSR program refers to Astra's policy which prioritizes 4 fields, namely education, health, economy and environment. This program is designed to encourage sustainable development in achieving prosperity while taking into account environmental sustainability, and is based on *Astra's Catur Dharma* philosophy of Prospering "Together with the Nation" (Administrator, n.d.-b). To encourage sustainable development, PT Astra Agro Lestari re-established its commitment to *sustainability* in 2022 by publishing an initiative entitled *Astra Agro Sustainability Aspiration 2030* which became the company's strategy in that year. Sustainability initiatives contained in the *Sustainable Development Goals* (SDGs) and in accordance with the principles of *Environment, Social and Governance* (ESG) (Administrator, n.d.-a). *Astra Agro Sustainability Aspiration 2030* implemented through 12 initiatives summarized in the *Triple-P Road Map Strategy*, namely *Portfolio, People, and Public Contribution with Good Corporate Governance* (GCG) as a key enabler. As a form of implementation as a commitment to sustainability, PT Astra Agro Lestari has met the sustainability standards that have been set including the *Indonesian Sustainable Palm Oil* (ISPO) (Sustainability Report PT Astra Agro Lestari Tbk 2023, n.d.). Astra Agro also became one of the first companies to obtain ISPO in 2012 in one of the Company's subsidiaries. Almost all of the Company's subsidiaries have been ISPO certified. In addition, some of the Company's subsidiaries also have *International Sustainability and Carbon Certification* (ISCC) certificates (Driving Purposeful Sustainable Growth, n.d.).

However, PT Astra Agro Lestari or PT Pasangkayu is not free from negative issues such as exploitation and the environment. Issues such as problems between PT Pasangkayu's HGU and the rights of local communities (Binggi Tribe) who are accused of encroaching on Protected Forest Areas due to the expansion of oil palm plantations carried out by the company, then planting and harvesting oil palm in protected forest areas and destroying forestry posts in forest areas. Other problems are also aspects of the emergence of negative issues against this company, namely the seizure of community land and river pollution due to company activities. This is also a form of assessment of the company that is inversely proportional, where PT Pasangkayu's processed products flow to international companies labeled green and care for the environment. RSPO (*Roundtable on Sustainable Palm Oil*) membership understands *sustainability* and NDPE (*No Deforestation, No Peat, Exploitation*) (Wahyudi, n.d.).

Previous studies have examined CSR implementation in various industries, such as tourism and state-owned enterprises (Widawati, 2021; Widiastuti, 2023). However, there is a notable lack of research focusing on CSR within the palm oil industry that explicitly incorporates Green Economy principles as an evaluative lens. This is a critical gap, considering the environmental controversies surrounding palm oil production and the industry's potential for community empowerment and ecological restoration if CSR is implemented effectively (Heryadi, n.d.; Purnomo et al., 2022).

This study aims to address that gap by analyzing the CSR practices of PT Pasangkayu, a subsidiary of PT Astra Agro Lestari, through the lens of Green Economy. This research is significant

for several reasons. First, it contributes theoretically by offering a framework that integrates CSR and Green Economy in the context of plantation industries. Second, it provides practical insights for companies to develop CSR strategies that are not only compliant with legal standards but also genuinely contribute to sustainable development goals (SDGs). Lastly, it informs policymakers and stakeholders on the effectiveness of CSR as a mechanism for balancing economic growth with environmental and social welfare. Based on the preliminary description of the research, the research problem formulation can be formulated as follows: "whether PT Pasangkayu has integrated the *Green Economy* principle in the implementation of CSR in accordance with the company's sustainability commitment".

METHOD

This research was conducted in Gunung Sari Village, Pasangkayu Subdistrict, Pasangkayu Regency, West Sulawesi Province. A qualitative approach with a descriptive method was employed. The qualitative approach was chosen because it allows the researcher to deeply and contextually understand the phenomena, particularly in exploring the processes and meanings behind the implementation of Green Economy-based Corporate Social Responsibility (CSR) carried out by PT Pasangkayu. This approach is suitable for investigating social dynamics, values, and policies that cannot be quantified but are essential in evaluating the integration of sustainability principles.

According to (Sugiyono, 2013), qualitative research is used to study natural settings, where the researcher is the key instrument, data collection techniques are combined, data analysis is inductive, and the results emphasize meaning over generalization. Therefore, this approach is appropriate to explore how the company conceptualizes, designs, and implements CSR programs based on Green Economy principles, as well as their impact on surrounding communities.

Research Participants and Data Collection Techniques

Data were collected through observation, in-depth interviews, and document analysis. Interviews were conducted with seven key informants, consisting of:

1. Two CSR managers at PT Pasangkayu involved in the planning and implementation of CSR programs;
2. Three community figures and CSR beneficiaries (including a representative from the local Bunggu tribe);
3. One local government official from the Environmental Agency;
4. One local environmental activist.

Informants were selected purposively based on the following criteria: (1) having direct knowledge and experience with CSR implementation at PT Pasangkayu; (2) being in a decision-making position or a direct beneficiary; and (3) willingness to provide open and reflective information.

Data Analysis Framework

Data were analyzed using the interactive model of qualitative data analysis from (Huberman & Miles, 2002), consisting of three main stages:

1. Data reduction, which involves selecting, summarizing, and simplifying raw field data into meaningful information.
2. Data display, in the form of descriptive narratives, matrices, and tables to facilitate understanding of data relationships.
3. Conclusion drawing and verification, carried out continuously throughout the research process to identify patterns, themes, and meanings relevant to the research focus.

Data validity was ensured through source and method triangulation, as well as member checking with informants to confirm the accuracy of data interpretation.

RESULTS AND DISCUSSION

Company Overview

PT Pasangkayu is a subsidiary of PT Astra Agro Lestari which operates in Pasangkayu Regency, West Sulawesi Province. In accordance with the Cultivation Rights Title Number (HGU) this company began operating in 1997 in the field of oil palm plantations with a land area of 8,896 H. In the implementation of work operations PT. Pasangkayu is carried out with several standardizations that are adjusted to the direction of the company's policy, namely building a sustainable palm oil plantation and processing system, so in the company's operations have standardized certifications such as *Indonesian Sustainable Palm Oil* (ISPO), food safety system certification (*Hazard Analysis and Critical Control Point / HACCP*) and Astra management system certification, namely the environmental management system (*Astra Green Company / AGC*) which in its certification is based on legislation and international standards (ISO 14001, PROPER criteria, SMK3, ISO 45001, ISO 50001, ISPO and HACCP), then another management system is the management system in social contribution (*Astra Friendly Company*).

Corporate Social Responsibility Program

This research identified that PT Pasangkayu's *Corporate Social Responsibility* program is divided into 4 pillars, namely community economic empowerment, environment, education and health.

Community Economic Empowerment

In order to develop the economic potential around the company's operational areas, it is realized through economic programs based on oil palm partnerships, economic programs based on local wisdom and economic programs based on regional potential. The palm partnership-based economic program provides business certainty for oil palm farmers through cooperation in seeding, cultivation processes to marketing processes. The local wisdom-based economic program and the regional potential-based economic program focus on small industries or home industries and farmer groups or non-palm oil business groups. Both programs provide training, mentoring, institutional strengthening, infrastructure assistance, to business capital assistance and the development of entrepreneurial activities according to the needs and potential of the region and existing local wisdom. These findings align with findings by (Lee et al., 2022), who documented that similar partnership-based CSR in Malaysian palm oil companies significantly improved income diversification and social resilience in rural areas. Through the program, it is expected to build community economic independence and realize Astra Prosperous Village in the company's operational area.

Environmental Program

PT Pasangkayu under the auspices of PT Astra Agro Lestari in the company's work operations strives to implement environmental responsibility so that business activities run in balance. In its implementation, it is guided by the principles of environmental conservation which includes the protection of life support systems, preservation of endangered species plasma and sustainable utilization. This is consistent with the work of (Brandi et al., 2015), who argue that palm oil firms that implement biodiversity conservation and waste management under sustainability certification frameworks (like ISPO or RSPO) show measurable ecological improvements. In the community development program, the company provides community-based environmental education through environmental development programs that are in line with sustainable development goals (*SDGs*).

Education

In the realm of education, PT Pasangkayu fosters 2 internal schools in the company area and 33 external fostered schools from elementary school (SD) to high school level, focusing on improving the quality of education service assistance through the fostered school quality improvement program. In addition to coaching within the company's school, PT Pasangkayu under the auspices of

PT Astra Agro Lestari also disburses Corporate Social Responsibility programs in the form of educational facilities and infrastructure assistance which includes infrastructure repair assistance.

In addition to facilities and infrastructure assistance in the assisted schools, the company also conducts teacher competency development activities through training activities in collaboration with the education office and private educational foundations. Then in the realm of educational assistance, PT Pasangkayu also provides educational scholarship assistance to community children in the assisted schools and children of Astra Agro Group employees (PT Pasangkayu). A study by (Raharja et al., 2020) showed that CSR in Riau and Jambi also encouraged the involvement of local governments and small farmers, creating a sustainable positive impact on access to education and health for local communities. Then in addition to targeting teachers and students, the company also provides guidance to the school committee forum in fostered schools consisting of parents of students, where the training and coaching materials are related to child abuse prevention programs, fulfillment of child protection rights, to environmental programs that support the creation of community-based environmental sustainability.

Health

The company's contribution to the community in the village around the operational area in the field of maternal and child health and access to health services is implemented through community assistance to develop Integrated Service Post (Posyandu) as a community health center and Clean Healthy Lifestyle action campaign in order to achieve the implementation of *Sustainable Development Goals (SDGs)* in the field of Health and to improve the quality of public health.

Implementation of Corporate Social Responsibility Program

From the research results in general, PT Pasangkayu has carried out social responsibility or *Corporate Social Responsibility* on 4 priority pillars in accordance with Astra Group's commitment, namely Community Economic Empowerment, Environment, Education and health as sustainable development goals. Research results from the *Sustainability Report* show that the implementation of the *Corporate Social Responsibility* program is in line with the company's commitment to sustainable programs as evidenced by the various Corporate Social Responsibility programs in the four priority pillars implemented by the company.

Table 1. Type of CSR Program implementation PT Pasangkayu

Field	Activity Type
Community Economic Empowerment	Economic empowerment of the local community of the Bunggu tribe with innovative business fisheries and sustainable horticultural crops. Assistance, empowerment coaching, and provision of assistance to micro, small and medium enterprises (MSMEs).
	Assistance and provision of feed assistance for laying hen groups.
	Road Infrastructure Development of Salu Raya Hamlet, Gunung Sari Village.
	House renovation for the.
Environment	Distribution of facilities and infrastructure assistance to the Bunggu tribe catfish cultivation group.
	Fertilizer assistance to 77 farmer groups.
	Hold an Environmental Service accompanied by a campaign to reduce plastic waste.
	Neighborhood-based education with coaching recycling and waste management.
Education	Donation of 3 units of garbage bin containers to the Pasangkayu District Environment Office.
	Assistance of 1000 trees in climate change mitigation to Pasangkayu District Government.
	Planting 5000 mangrove trees in the coastal area.
	Scholarship assistance for education from elementary school to university.
Health	Educational Facilities and Infrastructure Assistance (Infrastructure, learning media equipment).
	Astra Cerdas Community Integrated Education Program (Committee Training) 4.
	GEMA PENA
	Supplementary feeding assistance (PMT) for infants and pregnant women. Integrated Community Nutrition Program Support.
	Coaching and Mentoring of Posyandu Cadres.
	Material assistance for the renovation of Puskesmas construction.
	Delivery of facilities and infrastructure as well as intensive assistance for Posyandu cadres

Source: Processed Data, 2025

CONCLUSION

This study reveals that PT Pasangkayu has proactively implemented Corporate Social Responsibility (CSR) programs based on four priority pillars—community economic empowerment, environmental sustainability, education, and health—in alignment with the company's sustainability commitment. These programs reflect an effort to integrate Green Economy principles into corporate strategies, aiming to achieve a balance between economic growth, social welfare, and environmental stewardship.

Theoretically, the integration of CSR and Green Economy contributes to the advancement of sustainability discourse by offering a holistic framework where corporate responsibility is not merely philanthropic but strategic, transformative, and aligned with the Sustainable Development Goals (SDGs). This research supports existing literature emphasizing that CSR, when embedded with ecological and social accountability, enhances corporate legitimacy and resilience in resource-based

industries. Practically, this study provides insight into how CSR can serve as a tool for community development and environmental conservation, particularly in the palm oil sector, which is often under scrutiny for its ecological impact. The case of PT Pasangkayu highlights how structured CSR initiatives—if implemented consistently and inclusively—can enhance the well-being of surrounding communities while reinforcing environmental safeguards.

However, this study also acknowledges several limitations. First, the qualitative design focused on a single case study limits the generalizability of findings across different regions and corporate contexts. Second, the lack of independent verification mechanisms and quantitative impact assessments constrains a more objective evaluation of CSR effectiveness. Third, the study does not fully account for stakeholder power dynamics, especially in contested land and forest areas.

For future research, it is recommended to adopt a mixed-methods approach that combines qualitative analysis with quantitative assessments of CSR outcomes, such as community satisfaction, environmental indicators, and socio-economic development metrics. Comparative studies involving multiple palm oil companies across different provinces or countries could also offer broader insights into CSR patterns, effectiveness, and best practices. Moreover, further inquiry into the role of local governance and civil society in monitoring and co-producing CSR strategies would enrich the understanding of sustainable corporate behavior in practice.

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