



Innovative Corporate Social Responsibility (CSR) Policies Based on Local Wisdom: Towards an Inclusive and Sustainable Development Model

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Article Information

Article history:

Received: March 20, 2026

Revised: June 18, 2026

Accepted: June 20, 2026

Keywords:

advocacy coalition framework;
corporate social responsibility;
local wisdom;
policy innovation;
sustainable development.

Abstract

Although Corporate Social Responsibility (CSR) has been widely adopted, most implementations in developing countries tend to be oriented towards regulatory compliance and biased towards the economic-environmental dimension. This approach often ignores local socio-cultural aspects, thus triggering low social legitimacy and program sustainability. To fill this gap, this study examines innovation in CSR policy through the integration of local wisdom values as the basis for inclusive and sustainable regional development. Using the theoretical framework of the Advocacy Coalition Framework (ACF) and Triple Bottom Line (TBL), this study employs a qualitative case study with an exploratory approach to analyze the dynamics of CSR policy in Banyuwangi Regency, Indonesia. Data were obtained through in-depth interviews with 15 key informants, document analysis, and field observations involving government actors, companies, and local communities. The results show that CSR policy in Banyuwangi has undergone a transformation from a philanthropic and regulatory approach to a participatory policy model rooted in local culture. This policy innovation is concretely realized through the institutionalization of the values of *Gugur Gunung* (collective work), *Sambatan* (mutual cooperation), and *Tanggap ing Sasmita* (social sensitivity) into the Regional Medium-Term Development Plan (RPJMD), orchestration of multi-actor coalitions in which local governments act as policy intermediaries, and transformation of programs into sustainable partnerships focused on empowering creative MSMEs and conserving green tourism. Theoretically, this study contributes by integrating ACF and TBL in the local cultural context to form a hybrid model of CSR policy innovation. Practically, the results offer strategic direction for local governments and companies in designing CSR programs that are socially just, sustainable, and responsive to local cultural values.

To cite this article: Imaniar, D., Prayitno, H., Suryawati, D., & Khristianto, W. (2026). Innovative Corporate Social Responsibility (CSR) Policies Based on Local Wisdom: Towards an Inclusive and Sustainable Development Model. *Smart Society: Journal of Community Service and Empowerment*, 6 (2), 133-152. <https://doi.org/10.58524/smartsociety.v6i2.1282>

INTRODUCTION

Over the past two decades, Corporate Social Responsibility (CSR) has become an integral part of corporate strategies in various countries in response to the growing global awareness of sustainable development. The concept of CSR is no longer interpreted solely as philanthropy or social responsibility, but also as a corporate governance instrument that supports the Sustainable Development Goals (SDGs) agenda (Andriana et al, 2025; Carroll, 2021). Specifically, an inclusive CSR governance model based on local culture has a direct correlation in supporting the achievement of Goal 1 (No Poverty), Goal 8 (Decent Work and Economic Growth) through local economic empowerment, Goal 10 (Reduced Inequalities), Goal 11 (Sustainable Cities and Human Settlements),

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and Goal 17 (Partnerships for the Goals) through strategic multi-actor collaboration. Furthermore, the [United Nations Global Compact \(2023\)](#) report notes that more than 90% of the world's largest companies have integrated Environmental, Social and Governance (ESG) principles into their business strategies.

However, in Southeast Asia, CSR implementation faces serious challenges, particularly related to local social and cultural contexts ([Handika et al., 2025](#); [Putera et al., 2020](#); [Wahyuningrat et al., 2024](#)). CSR practices in many developing countries are still dominated by normative and legal compliance-based approaches, rather than participatory approaches rooted in social values and community norms ([Sulaymonov, 2020](#)). Empirically, various studies and reports indicate that many CSR programs experience structural failures; for example, CSR initiatives in densely industrialized or resource-rich areas often result in social resistance or post-program infrastructure neglect ([Jusmarni et al., 2025](#)). This failure occurs because communities are positioned as passive recipients of aid (charity), while the designed programs fail to adapt to the social dynamics and local wisdom that exist within the community. As a result, many CSR programs fail to achieve sustainable impact due to their inability to adapt to social dynamics and local wisdom. In fact, amidst increasing social inequality and global environmental pressures, an inclusive CSR model based on local cultural values is becoming increasingly relevant in supporting socially just development transformation ([Lima, 2021](#); [Rosyidiana et al., 2023](#)).

Previous studies have shown that effective CSR implementation requires a deep understanding of the social and cultural context in which a company operates ([Ayamga et al., 2024](#); [Hossain & Kibria, 2024](#); [Jusmarni et al., 2025](#)). However, most studies still focus on the economic and environmental dimensions, neglecting the socio-cultural aspects that are crucial for a company's social legitimacy ([Kulkarni & Aggarwal, 2022](#); [Mahyuni & Dewi, 2021](#); [Ramdhony, 2018](#)). In Indonesia, for example, CSR programs are often designed based on a top-down approach influenced by government regulations, while community participation and integration of local cultural values are still minimal ([Nugrahaningsih & Falikhatun, 2025](#); [Saadah & Falikhatun, 2021](#)).

Furthermore, there is still limited research explaining how CSR policies can be systematically integrated with local wisdom values through a robust theoretical approach. Research linking the Advocacy Coalition Framework (ACF) with the Triple Bottom Line (TBL) to understand the dynamics of CSR policies at the local level is still rare in the Indonesian literature ([Carroll, 2021](#); [Jenkins-Smith & Weible, 2025](#); [Mukherjee & Banerjee, 2021](#)). This approach, however, can explain the interactions between actors, belief systems, and the process of sustainable policy formation. This theoretical and empirical gap highlights the urgent need to develop a local wisdom-based CSR policy model that can strengthen social legitimacy, community participation, and the sustainability of regional development.

Recent research has begun to highlight the importance of integrating local wisdom into CSR policies. [Nugrahaningsih & Falikhatun \(2025\)](#) found that local cultural values can strengthen the sustainability of culinary businesses through CSR practices that benefit local communities. Similar findings were presented by [Andriana et al. \(2025\)](#), who showed that integrating local cultural values strengthens women's roles in environmental governance and economic sustainability in South Sumatra. Furthermore, a study by [Putera et al. \(2020\)](#) explained how community empowerment based on local potential through CSR can build social solidarity and improve the quality of life of people in North Konawe.

In a global context, [Carroll \(2021\)](#) emphasize that effective CSR must be able to adapt to local value systems to gain social legitimacy and community support. This view aligns with research by [Jusmarni et al. \(2025\)](#), which emphasizes that local wisdom can function as a social mechanism that maintains a balance between economic, social, and environmental interests. However, although numerous studies highlight the relevance of local wisdom, most remain descriptive and have not developed a policy framework explaining how local cultural values can be integrated into CSR policy formulation.

Therefore, this study seeks to fill this gap by combining the Advocacy Coalition Framework (ACF) theory, which emphasizes the role of actors and coalitions in the policy process ([Jenkins-Smith & Weible, 2025](#)), and the Triple Bottom Line (TBL) approach, which balances economic, social, and environmental aspects. This integrative approach is expected to produce a contextual, inclusive, and sustainable CSR policy innovation model.

The novelty of this study lies in its integration of local wisdom into Corporate Social Responsibility (CSR) policy analysis, addressing gaps that previous research has largely overlooked. While earlier studies in Indonesia have focused predominantly on formal regulatory compliance, legal adherence, and generic corporate governance, they rarely examined how indigenous cultural values can shape policy legitimacy and program effectiveness. This research specifically incorporates the *Osing* cultural values, such as spiritualism, solidarity, and ecological ethics, as foundational elements in CSR policy formation. Furthermore, the study applies an integrative analytical framework combining the Advocacy Coalition Framework (ACF), Triple Bottom Line (TBL), and local wisdom theory, which has not been systematically utilized in prior studies. By doing so, the research not only maps the dynamics of actor coalitions and their policy influence, but also demonstrates how cultural values affect stakeholders' interests, strategic decisions, and policy sustainability. Practically, the study offers a model for participatory and contextually grounded CSR that strengthens social legitimacy, fosters community involvement, and can be adapted to other regions with strong local identities.

Banyuwangi Regency was chosen as the research location due to its unique characteristics and remarkable transformation. Unlike other regions that position culture solely as a ceremonial symbol, Banyuwangi has innovatively institutionalized its cultural values. Banyuwangi Regency is an example of a region in Indonesia that stands out for its local wisdom-based policy development (Maulana et al., 2025; Septalinda et al., 2023; Suryawati et al., 2026). *Osing* cultural values, such as *Gugur Gunung* (working together) and *Sambatan* (mutual cooperation), have long been part of the Banyuwangi community's social identity and have proven effective in strengthening social solidarity. The Banyuwangi regional government also actively encourages collaboration between businesses and the community through various CSR programs. However, a systematic CSR policy model based on local cultural values has not yet been formulated theoretically or conceptually.

The Banyuwangi Regency Government actively facilitates CSR implementation through policies and programs that integrate local wisdom and participatory mechanisms. A concrete example is the collaboration with PT Bumi Suksesindo (PT BSI), a mining company managing Gunung Tumpang Pitu, which invested over IDR 2.6 trillion and allocated shares to the local government (6.4%) as part of community economic development. CSR programs under the PPM (Pengembangan dan Pemberdayaan Masyarakat) initiative cover multiple sectors including education, health, local economic empowerment, culture, infrastructure, and environmental conservation, implemented in coordination with village governments to ensure equitable and culturally sensitive distribution. In addition, the government organizes multi-stakeholder forums, integrating traditional village meetings (*rembug desa*) and local cultural institutions, which serve as platforms for negotiation, monitoring, and co-design of CSR initiatives. These mechanisms ensure that CSR programs do not only comply with regulatory requirements but also enhance social legitimacy, empower local communities, and promote sustainable cultural and ecological outcomes.

With increasing global demands for sustainable business practices, innovative CSR policies that incorporate local cultural approaches are becoming increasingly important. This aligns with the Indonesian government's policy direction, which emphasizes inclusive and sustainable development based on regional potential (RPJMN 2025–2045). Therefore, this research is relevant in providing conceptual and practical contributions to the development of a CSR policy model based on local wisdom, which can strengthen the relationship between companies, communities, and the government in realizing sustainable development governance.

This study aims to analyze and formulate innovations in Corporate Social Responsibility (CSR) policies based on local wisdom that support inclusive and sustainable development in Banyuwangi Regency. The Advocacy Coalition Framework (ACF) approach is used to understand the dynamics of actors and policy coalitions that influence the CSR policy reformulation process, while the Triple Bottom Line (TBL) approach is used to assess the balance between economic, social, and environmental dimensions in CSR practices at the regional level.

Overview of the literature

This study is based on two primary theories that form the basis of the analysis: the Advocacy Coalition Framework (ACF) and the Triple Bottom Line (TBL). These two theories were chosen because they explain two key dimensions of the study: the process of developing CSR policies based

on actors and values (ACF), and measuring policy sustainability from an economic, social, and environmental perspective (TBL).

The first theory, the Advocacy Coalition Framework (ACF), was developed by Paul Sabatier and Hank Jenkins-Smith in the late 1980s as an attempt to understand the complex and long-term dynamics of public policy (Jenkins-Smith & Weible, 2025). The ACF assumes that within each policy subsystem, various groups of actors, such as government, corporations, academics, NGOs, and communities, form coalitions based on shared values and beliefs. These coalitions influence policy direction through processes of interaction, negotiation, and policy-oriented learning (Gabehart & Weible, 2023; Handika et al., 2025; Weible, 2018). In the context of CSR in Indonesia, this theory helps explain how various actors with different interests can collaborate to produce more adaptive and culturally informed policies (Susanto et al., 2022).

The second theory, the Triple Bottom Line (TBL), was introduced by (Elkington, 2018; Slaper & Hall, 2011) and remains relevant today as a primary framework for measuring the sustainability of corporate policies. TBL emphasizes that an organization's success cannot be measured solely by economic profit, but also by its contribution to society (people) and the environment (planet) (Elkington, 2018). This approach has been widely adopted in various contemporary CSR studies (Carroll, 2021; Slaper & Hall, 2011). In the context of development in developing countries, numerous studies have shown that the implementation of TBL integrated with local cultural values can strengthen social legitimacy and increase community participation in CSR activities (Andriana et al., 2025). Thus, TBL serves as an important theoretical foundation for examining how CSR policies can balance the three pillars of sustainability at the local level.

Integrating the Advocacy Coalition Framework (ACF) with the Triple Bottom Line (TBL) provides a more robust analytical lens than employing either framework independently. While ACF emphasizes the dynamics of policy formation by focusing on actors, belief systems, coalitions, and policy-oriented learning, TBL evaluates the sustainability of policy outcomes across economic, social, and environmental dimensions. By combining these approaches, this study captures both the process of CSR policy evolution and the impact of such policies on community well-being and environmental sustainability. The integration is particularly valuable in the context of developing countries like Indonesia, where CSR implementation is shaped not only by formal regulations and corporate interests, but also by socio-cultural norms and local values embedded within communities. Policy coalitions guided by ACF facilitate collaboration, learning, and legitimacy-building among governments, companies, and local actors, while TBL provides a structured framework for assessing whether these collaborative policies successfully generate inclusive, sustainable, and culturally aligned outcomes. This dual approach allows researchers to link policy processes to tangible sustainability impacts, offering both theoretical depth and practical guidance for context-sensitive CSR governance.

In the context of Corporate Social Responsibility (CSR) in Banyuwangi, the Advocacy Coalition Framework (ACF) provides a powerful analytical lens to understand how policy reformulation occurs through the interaction of multiple actors with differing beliefs and interests. Local wisdom values such as gugur gunung (collective work), sambatan (mutual cooperation), and rembug desa (village deliberation) serve as stabilizing factors that influence coalition behavior and policy outcomes. By mapping coalitions among local government, companies, civil society, academics, and community leaders, ACF reveals how policy brokers mediate conflicts, negotiate trade-offs, and facilitate learning within the policy subsystem. This approach demonstrates that CSR policies are not merely top-down regulatory instruments, but dynamic, socially embedded mechanisms that align corporate initiatives with community norms and cultural practices. Empirically, the integration of ACF with local wisdom ensures that CSR programs strengthen social cohesion, enhance community participation, and promote sustainable development, transforming CSR into a tool for both social legitimacy and adaptive governance.

Both theories continue to evolve and have been widely adapted to explain contemporary policy issues. The ACF, for example, has been used to analyze environmental and climate change policies (Ingold et al., 2017; Jenkins-Smith & Weible, 2025) and regional development governance (Weible et al., 2009). Similarly, the TBL has been expanded into the Quadruple Bottom Line, which adds a cultural dimension to suit local contexts (Slaper & Hall, 2011). Research by Nugrahaningsih & Falikhatun, (2025) and Mahyuni & Dewi, (2021) demonstrates that integrating local wisdom values

into CSR policies strengthens corporate social legitimacy and the effectiveness of community empowerment programs.

Based on these two theories, this study identifies several key constructs used to explain the research phenomena. First, policy coalitions reflect the roles of various actors—government, companies, and communities—in the process of CSR policy reformulation. Second, local wisdom, operationalized through *Osing* cultural values such as *Gugur Gunung* (working together), *Sambat* (mutual cooperation), and *Tanggap ing Sasmita* (social sensitivity), serve as the basis for the social legitimacy of CSR policies in Banyuwangi. Third, the economic, social, and environmental dimensions of TBL are used to evaluate the extent to which CSR policies are able to achieve a balance between profitability, community welfare, and environmental sustainability (Elkington, 2018). Finally, CSR policy innovation, which describes the transformation of the CSR approach from a philanthropic model to a collaborative and participatory model based on local values (Emmanuel & Priscilla, 2022; Kholis, 2020).

The selection of ACF and TBL theories in this study has strong justification. ACF allows researchers to understand how regional CSR policy changes occur through interactions and learning between actors with different value systems (Gabehart & Weible, 2023; Xu & Liu, 2016). Meanwhile, TBL provides a framework for comprehensively assessing the sustainability of policy outcomes, not only from an economic perspective, but also from a social and environmental perspective (Carroll, 2021). The combination of the two provides a balance between policy process theory and sustainability performance theory, thus explaining both the dynamics of policy formation and its sustainability outcomes.

Conceptually, this research framework proposes that a policy coalition (ACF) between the government, companies, and communities generates CSR policy innovations based on local wisdom values, which in turn contribute to increased social, economic, and environmental sustainability in accordance with the Triple Bottom Line principle. In this model, local wisdom acts as a moderating factor that ensures alignment between formal policies and community social practices. Thus, this study not only extends the application of ACF and TBL theories in the local Indonesian context but also offers a new empirical framework for understanding how cultural values can become the basis for inclusive and sustainable CSR policy innovations.

Although the Advocacy Coalition Framework (ACF) and the Triple Bottom Line (TBL) stem from different theoretical traditions, the two frameworks are conceptually interrelated in explaining the dynamics and sustainability of Corporate Social Responsibility (CSR) policies. The ACF primarily focuses on the policy process dimension, emphasizing how policy actors, belief systems, coalitions, and policy-oriented learning shape policy change over time. In contrast, the TBL provides a normative sustainability framework that evaluates policy outcomes based on economic, social, and environmental dimensions. The integration of these two approaches enables a more comprehensive understanding of CSR governance by linking the dynamics of policy formation to the sustainability impacts generated through policy implementation.

In the context of a developing country like Indonesia, CSR implementation is heavily influenced not only by formal regulations and corporate interests but also by socio-cultural values embedded in local communities (Kholis, 2020; Nugrahaningsih & Falikhatun, 2025; Saadah & Falikhatun, 2021). Therefore, integrating ACF and TBL is crucial because sustainable CSR policies require collaborative governance mechanisms and sustainability-oriented outcomes. From this perspective, policy coalitions formed among government institutions, corporations, local communities, and traditional leaders serve as governance structures that facilitate policy learning, negotiation, and legitimacy building. Simultaneously, the TBL framework provides an evaluative dimension for assessing whether CSR policies successfully generate economic empowerment, social inclusion, and environmental sustainability.

METHOD

This research uses a qualitative approach with an exploratory case study design, which aims to gain an in-depth understanding of how Corporate Social Responsibility (CSR) policy innovations are developed through the integration of local wisdom values in the context of regional development. This approach was chosen because it is in accordance with the research objectives, which focus on

complex public policy processes involving interactions between actors and socio-cultural dynamics that cannot be explained through quantitative methods (Jason, & Glenwick, 2016; Miles, et al., 2014; Tracy, 2020). The case study design allows researchers to analyze CSR policy phenomena in a real context in depth, including the social, economic, political, and cultural factors that influence them (Creswell & Poth, 2018). Banyuwangi Regency was chosen as the research location because it is one of the regions that has successfully implemented Osing culture-based CSR policies as an instrument for sustainable regional development. Banyuwangi Regency has strong socio-cultural characteristics rooted in Osing local wisdom. The Osing community, recognized as an indigenous cultural group in Banyuwangi, maintains collective social values such as *Gugur Gunung* (collective work), *Sambat* (mutual cooperation), *Rembug Desa* (deliberative village discussion), and *Tanggap ing Sasmita* (social sensitivity), which continue to shape community interactions and local governance practices. This approach also aligns with the views of Jenkins-Smith & Weible (2025) in the Advocacy Coalition Framework (ACF), which emphasizes the importance of understanding the interactions between actors in the policy process.

The research data was obtained through semi-structured interviews, participant observation, and document analysis. The sampling technique used purposive sampling with the criteria of direct involvement in the formulation and implementation of CSR policies. A total of 15 key informants participated in this study, consisting of five local government officials, five representatives of companies implementing CSR programs, and five Osing community and traditional leaders. The selection of 15 key informants in this study was guided by purposive sampling combined with snowball sampling, focusing on actors with direct involvement and in-depth knowledge of CSR implementation in Banyuwangi, including government officials, corporate representatives, community leaders, and cultural figures. This number was deemed sufficient because it achieved data saturation, meaning that additional interviews no longer provided new insights or themes. The informants represented the diversity of stakeholders participating in CSR programs, ensuring coverage of economic, social, environmental, and cultural dimensions. By strategically selecting individuals who are both influential and knowledgeable, the study ensures the validity and richness of qualitative findings, capturing the complex interplay between policy actors, local wisdom, and CSR program outcomes.

The interview guide was developed based on the Advocacy Coalition Framework (ACF) and the Triple Bottom Line (TBL) theoretical construct, which focuses on collaboration between policy actors, integration of local values, and economic, social, and environmental sustainability (Carroll, 2021; Elkington, 2018). Each interview lasted between 45 and 90 minutes and was conducted in person with the informant's consent. In addition to the interviews, observations were made of CSR programs such as MSME training and community empowerment. To increase data validity, source and method triangulation techniques were used (Denzin, 2017), as well as member checking with several informants to ensure consistency in the interpretation of interview results (Guest et al., 2020).

To ensure the credibility and validity of the findings, this study employed triangulation by systematically combining multiple data sources and collection methods. Data were obtained through in-depth interviews with government officials, corporate representatives, community leaders, and policy brokers; participatory observation in CSR activities and local cultural events such as Seblang and Petik Laut; and document analysis of company reports, regional regulations, and prior research related to CSR and local wisdom. Triangulation allowed the researcher to cross-verify information across these sources, capturing both formal policy directives and informal socio-cultural practices that influence CSR implementation. By integrating these perspectives, the study ensured a comprehensive, contextually grounded understanding of how CSR policies operate within Banyuwangi's socio-cultural and institutional landscape, enhancing the robustness and reliability of the conclusions.

The selected informants were directly involved in the formulation and implementation of CSR policies in Banyuwangi Regency. Local government informants consisted of officials from the regional planning and development office, the social affairs office, and the investment and partnership division, who were responsible for facilitating CSR coordination and integrating CSR programs into regional development planning. Corporate informants represented CSR managers and program coordinators from state-owned and private companies involved in community

empowerment, environmental conservation, and local economic development initiatives. Meanwhile, community and traditional leaders participated as representatives of local beneficiaries and cultural actors who actively mediate communication between companies and communities, facilitate participatory decision-making, and ensure that CSR implementation remains aligned with Osing cultural values and community needs.

The collected data were analyzed using a thematic analysis approach as developed by (Braun & Clarke, 2006). This analysis was conducted inductively and deductively through the stages of transcription, coding, grouping codes into themes, and interpreting the results based on ACF and TBL theories. The analysis process was assisted by NVivo 14 software, which facilitates qualitative data management and visualization of relationships between themes (Mortelmans, 2019; Woolf & Silver, 2017). In this study, NVivo 14 software was employed as a qualitative data management and analysis tool to facilitate systematic interpretation of the research findings. NVivo enabled the organization, coding, and visualization of data obtained from in-depth interviews, participatory observations, and document analysis. Through NVivo, thematic patterns, relationships between actors, and connections between CSR program activities and local wisdom values could be systematically mapped and examined. The software supported both inductive and deductive analysis, ensuring consistency with the theoretical frameworks of ACF and TBL while remaining sensitive to the socio-cultural realities of Banyuwangi. By providing visual models of code hierarchies, thematic overlaps, and co-occurrence networks, NVivo strengthened analytical rigor, minimized potential researcher bias, and facilitated a comprehensive understanding of how local wisdom underpins effective and sustainable CSR policy innovation.

This combination of inductive and deductive analysis allows the study to maintain theoretical consistency while remaining sensitive to the socio-cultural realities of CSR implementation in Banyuwangi Regency. To ensure the validity of the results, this study applied the four trustworthiness criteria according to Lincoln & Guba (1985): credibility, transferability, dependability, and confirmability. Credibility was maintained through triangulation, dependability was derived from the research audit trail, and confirmability was strengthened through peer-to-peer discussions. Ethical aspects of the research were maintained by ensuring voluntary consent, confidentiality of identities, and voluntary participation of informants. Peer-to-peer discussions were conducted regularly with academic colleagues and qualitative research experts to review coding consistency, thematic interpretations, and alignment between empirical findings and theoretical constructs. These discussions served as a reflective mechanism to minimize researcher bias and strengthen analytical rigor. Furthermore, an audit trail was maintained by systematically documenting all stages of the research process, including interview schedules, field notes, coding procedures, theme development, analytical memos, and interpretation revisions during the analysis process (Creswell & Poth, 2016; Creswell & Creswell, 2023; Miles & Saldaña, 2014). Through these procedures, the research is expected to produce a valid and contextualized understanding of how the integration of local wisdom strengthens CSR policy innovations towards inclusive and sustainable development at the regional level.

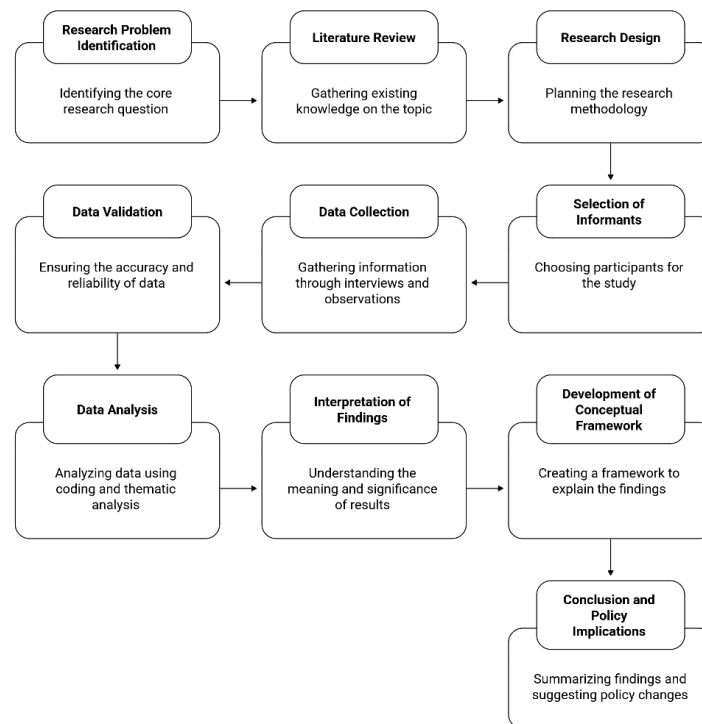


Figure 1. Research Flow of Local Wisdom-Based CSR Policy Innovation Study
(Source: Processed by the Author)

RESULTS AND DISCUSSION

Result

Transforming CSR Governance Towards Participatory and Local Wisdom-Based Development

CSR governance in Banyuwangi Regency has gradually shifted from a philanthropic orientation to a more participatory and culturally rooted approach. This transformation is influenced by increased collaboration between local governments, private companies, community organizations, and traditional leaders during policy implementation. Informants consistently explained that current CSR programs are designed not only to fulfill corporate obligations but also to support regional development priorities and community empowerment. Consequently, CSR activities increasingly emphasize sustainability, collective participation, and local socio-cultural integration (Andriana et al., 2025; Jusmarni et al., 2025). These changes demonstrate the emergence of a governance model that prioritizes long-term social legitimacy over short-term corporate image building.

Another important finding relates to the strategic role of local governments in facilitating communication and coordination among CSR stakeholders. Government institutions act as policy intermediaries, linking corporate interests with community aspirations through participatory consultation mechanisms. Several informants stated that local governments regularly hold coordination forums involving companies, village administrations, and community representatives before determining CSR priorities. Through these forums, companies are encouraged to align CSR implementation with local development agendas and socio-cultural conditions. Informants also emphasized that this facilitative approach significantly minimizes social conflict and strengthens accountability during program implementation.

CSR implementation in Banyuwangi is increasingly focusing on community empowerment rather than temporary social assistance. Companies have developed various programs related to entrepreneurship training, local business mentoring, tourism development, and environmental management activities. Informants explained that empowerment-based CSR programs foster stronger community participation because local residents are actively involved throughout the implementation process. Some community members stated that they no longer view CSR as external corporate assistance, but rather as collaborative community development initiatives. This participatory approach contributes to stronger social ownership and the long-term sustainability of CSR activities within the local community.

In the economic sector, CSR initiatives have significantly contributed to strengthening local economic resilience and community productivity. The company provided support through MSME training, culinary business development, assistance with handicraft production, and marketing facilitation for local tourism-oriented products. Several informants reported that CSR assistance helped expand market access and improve product competitiveness in the regional tourism sector. Women's groups also experienced increased economic participation through the development of home industries and entrepreneurship training programs supported by the company. These findings indicate that CSR implementation not only contributes to increased income but also strengthens local economic independence and community resilience.

Environmental sustainability also emerged as a key empirical finding throughout the research process. CSR programs in Banyuwangi actively support mangrove conservation, village greening initiatives, waste management programs, and environmental awareness campaigns involving local communities. Informants emphasized that environmental activities become more sustainable because residents directly participate in the planning, implementation, and monitoring stages. In several tourist villages, environmental CSR activities are integrated with ecotourism development programs, simultaneously supporting conservation and local economic growth. Communities stated that these activities strengthen environmental awareness and collective responsibility for the preservation of local ecological resources. Consequently, environmental sustainability is closely linked to community participation and local socio-cultural values.

Empirical evidence from Banyuwangi demonstrates a direct link between local cultural values and environmental sustainability within CSR programs. Companies that align their CSR initiatives with *Osing* local wisdom, including practices such as *gotong royong* (collective work), *tanggap ing sasmita* (social and environmental sensitivity), and respect for ancestral and natural heritage, achieve higher levels of ecological preservation and community engagement. For example, CSR-driven forest conservation, coastal rehabilitation, and sustainable tourism initiatives show significantly greater effectiveness when implemented in collaboration with local communities that uphold these cultural norms. These programs not only prevent environmental degradation but also reinforce social cohesion and cultural identity, indicating that the integration of local values serves as both a normative and operational framework for sustainable outcomes. By embedding spiritual and ecological principles inherent in Banyuwangi's traditions, CSR initiatives transform from formal compliance measures into instruments that actively promote environmental stewardship while respecting and leveraging cultural heritage.

CSR activities strengthen social cohesion and collective solidarity within local communities in Banyuwangi Regency. Community leaders explained that CSR programs often involve collaborative activities such as village meetings, environmental cleanup programs, cultural festivals, and community service initiatives. These collective interactions foster stronger communication and trust between companies, the government, and local residents. Informants also stated that CSR implementation becomes socially acceptable because communities are actively involved in determining development priorities and evaluating program implementation. As a result, CSR governance increasingly reflects participatory development principles rooted in local social relationships and collective responsibility.

One of the most important findings of this study relates to the operationalization of *Osing* cultural values in the CSR implementation process. The value of "*Gugur Gunung*" (*mountain fall*) is reflected through collective participation in environmental conservation activities, village infrastructure improvement, and tourism development. Community members voluntarily contribute labor, resources, and local knowledge during CSR implementation. Informants emphasized that collective participation strengthens social ownership and encourages communities to maintain the sustainability of programs independently. This collaborative mechanism also reduces implementation barriers because development activities are seen as a shared responsibility of the community, rather than an external intervention.

The value of *sambatan* emerged through participatory deliberation mechanisms and reciprocal cooperation implemented during the CSR planning and implementation stages. Prior to implementing the CSR program, the company and local government held village deliberation forums involving community leaders, residents, and traditional actors. Informants explained that these meetings served as participatory spaces where local priorities and social needs were collectively

discussed. This mechanism strengthened trust between stakeholders while reducing the potential for social resistance during the implementation process. Therefore, the community viewed CSR activities as collaborative development programs aligned with local aspirations and mutual agreements.

Another important finding relates to the implementation of *respon ing sasmita* in culturally adaptive CSR governance practices. Companies are increasingly designing CSR programs in accordance with local social conditions, cultural expectations, and community sensitivities identified through participatory engagement processes. Informants stated that communities demonstrate stronger acceptance when CSR activities respect local traditions and village social norms. Several traditional leaders also emphasized that culturally adaptive programs create stronger emotional attachments and collective commitment to program sustainability. Consequently, CSR governance in Banyuwangi reflects not only administrative effectiveness but also cultural sensitivity and social legitimacy simultaneously.

This study also identified that local wisdom values serve as a crucial mechanism for stabilizing policy coalitions among CSR actors. Shared cultural values strengthen mutual trust, collective responsibility, and long-term collaboration between governments, companies, and local communities. Informants emphasized that deliberation and consensus-building remain the dominant approaches for resolving disagreements regarding CSR implementation. This culturally embedded governance process minimizes conflict while strengthening participatory cooperation among stakeholders. Therefore, local wisdom significantly contributes to maintaining governance stability and collaborative policy implementation in the context of regional development.

Another important finding relates to the contribution of CSR implementation to cultural sustainability in Banyuwangi Regency. Companies actively support traditional festivals, Osing cultural performances, local arts education, and cultural tourism promotion through CSR programs. Informants explained that these activities help preserve local identity while strengthening tourism potential and community pride. The younger generation is also increasingly involved in cultural preservation activities supported by company-community collaboration. These findings indicate that CSR governance in Banyuwangi goes beyond the economic and environmental dimensions by actively supporting the preservation of local culture and collective social identity.

From a sustainability perspective, the findings indicate that CSR governance in Banyuwangi reflects the simultaneous integration of economic, social, environmental, and cultural sustainability dimensions. Informants consistently stated that local cultural values strengthen community participation, social trust, and collective responsibility during program implementation. Therefore, cultural sustainability emerges not merely as a symbolic dimension but as an operational mechanism that influences governance effectiveness and long-term program sustainability. The findings also reveal that integrating local wisdom into CSR governance strengthens policy legitimacy and encourages adaptive development practices in a multicultural community environment. This condition illustrates the emergence of a Quadruple Bottom Line orientation that incorporates culture as an important dimension of sustainability.

Empirical findings from Banyuwangi indicate that integrating local wisdom into CSR policies significantly strengthens policy legitimacy and supports adaptive development practices. Local cultural values, such as gotong royong, the Osing traditions, and environmental stewardship practices, serve as normative and moral anchors that guide both government and corporate actors in designing and implementing CSR initiatives. These values are embedded in program structures, including community-led ecotourism, mangrove rehabilitation, and agroforestry practices, ensuring that initiatives are contextually relevant and culturally accepted. Observations and interviews reveal that communities actively participate in program planning and monitoring when CSR policies reflect these local norms, creating legitimacy through social acceptance and enhancing resilience to social and environmental change. Consequently, CSR programs aligned with local wisdom not only achieve compliance with formal regulations but also foster sustainable, participatory, and adaptive development, demonstrating that culturally grounded policies can harmonize modernization, economic growth, and environmental conservation.

CSR governance in Banyuwangi has evolved into a form of local wisdom-based policy innovation that simultaneously emphasizes participation, collaboration, legitimacy, and sustainability. Local wisdom values are no longer merely positioned as cultural symbols surrounding

community activities and social interactions. Instead, these values actively shape governance relationships, participatory mechanisms, collective decision-making, and sustainable development orientations among stakeholders. Informants consistently emphasized that culturally embedded CSR governance creates stronger public trust and more sustained community engagement. Therefore, the implementation of local wisdom-based CSR is an adaptive governance approach capable of supporting inclusive and sustainable regional development in culturally diverse communities.

Discussion

This study found that Corporate Social Responsibility (CSR) policy in Banyuwangi Regency has undergone a transformation from a traditional philanthropic model to a collaborative approach based on local wisdom. Thematic analysis of interviews, observations, and policy documents revealed three main interrelated themes, namely: (1) Multi-stakeholder policy coalitions between government, companies, and communities are the main drivers of policy innovation; (2) Using local wisdom values such as Gugur Gunung, Sambatan, and Tanggap ing Sasmita serve as the social and ethical foundation for CSR implementation; and (3) The results of CSR implementation show an increase in community welfare, social participation, and environmental preservation in accordance with the Triple Bottom Line (TBL) principle.

Table 1. Results of thematic analysis of CSR research based on local wisdom

Main Theme	Sub-Theme	Description of Field Findings	Theoretical Relationship
Policy Coalition	a. Collaboration between actors b. The role of government as a facilitator c. Policy learning	Local governments play an active role as policy intermediaries, mediating the interests of companies and local communities. State-owned and private companies collaborate in implementing CSR in the areas of education, the environment, and the creative economy.	<i>Advocacy Coalition Framework (ACF)</i> — Jenkins-Smith & Weible (2025)
Integration of Local Wisdom	A. Mountain values (collective work) b. Sambatan (mutual cooperation) c. Tanggap ing sasmita (social sensitivity)	The application of cultural values encourages community participation in CSR activities, increases the sense of ownership, and strengthens the company's social legitimacy.	<i>Cultural Attachment</i> in the context of CSR — Susanto et al. (2022)
Impact on Sustainability (TBL Dimension)	a. Economic: increasing income for assisted MSMEs b. Social: increasing community participation and gender equality c. Environmental: preserving green tourism areas	The CSR program focuses on developing the creative economy, culture-based education, and environmental preservation. The majority of informants assessed the social and economic impacts as positive.	<i>Triple Bottom Line (TBL)</i> — Elkington (2018) ; Carroll & Brown (2021)
CSR Policy Innovation	a. Cultural integration in regional policies b. Sustainable partnership models c. Community-based evaluation	The Banyuwangi government has incorporated local wisdom values into its CSR policy documents and Regional Medium-Term Development Plan (RPJMD).	<i>Policy Innovation Framework</i> — Mahyuni & Dewi (2021) ; Andriana et al. (2025)

Source: processed by researchers, 2026

The findings in Table 1 indicate that collaboration between local governments, companies, and communities aligns with the Advocacy Coalition Framework (ACF) mechanism. Within this framework, policy actors with different values and interests form coalitions to achieve common goals through policy-oriented learning ([Jenkins-Smith & Weible, 2025](#)). The Banyuwangi Regency Government acts as a policy intermediary, balancing the economic interests of companies with the social aspirations of local communities. Empirical evidence from interviews highlights the pivotal role of the Banyuwangi Regency Government as a policy broker in facilitating CSR programs. Respondents indicated that government actors, particularly through Bappeda, actively mediate

between companies, community groups, and traditional leaders to align corporate initiatives with local development priorities. government officials help translate local cultural values such as gotong royong and traditional ecological knowledge into actionable program designs, guiding companies to adopt initiatives that respect both social norms and environmental sustainability. By providing spaces for negotiation, ensuring transparency, and embedding local wisdom into formal planning documents like RPJMD, the government functions not only as a mediator but also as a strategic enabler of inclusive, culturally aligned, and adaptive CSR policy implementation. This finding supports research by [Susanto et al. \(2022\)](#), which asserts that integrating local sociocultural values can strengthen policy coalitions in developing country contexts.

From a Triple Bottom Line (TBL) perspective, research shows that CSR implementation, which combines economic, social, and environmental dimensions, leads to long-term sustainability ([Elkington, 2018](#); [Carroll & Brown, 2021](#)). Osing cultural values act as a moderating factor linking social success to economic sustainability. For example, the practice of Gugur Gunung (mountain planting) encourages cross-actor collaboration, while sambatan (joining together) strengthens social solidarity in CSR program implementation. This integration of local values expands the TBL concept by adding a cultural dimension as the fourth pillar of sustainability, in line with the concept of Cultural Sustainability ([Ohno, 2022](#); [Mahyuni & Dewi, 2021](#)).

The conceptual rationale for positioning local culture as an independent pillar in CSR policy stems from its role as a normative and epistemological foundation that guides both policy design and implementation. Unlike the social dimension, which primarily addresses community participation and welfare outcomes, culture encompasses values, traditions, and spiritual principles that shape actors' beliefs, legitimize interventions, and provide continuity across policy cycles. In Banyuwangi, Osing cultural values such as *guyub rukun* (communal harmony), *eling lan waspada* (ecological awareness), and the preservation of local arts and festivals function not merely as social instruments but as strategic anchors for sustainable decision-making. By treating culture as a separate pillar alongside economic, social, and environmental dimensions, CSR policies can internalize local wisdom in program objectives, enhance legitimacy, and promote adaptive, context-sensitive development that aligns corporate initiatives with community identity and long-term sustainability.

The findings of this study reinforce the findings of [Mahyuni and Dewi \(2021\)](#) in Bali, which showed that Tri Hita Karana values can enhance the effectiveness of CSR in sustainable tourism. However, unlike the spiritual context in Bali, Osing values in Banyuwangi emphasize the social-collective aspect. This study also supports the view of [Sulaymonov, \(2020\)](#) that corporate social legitimacy increases when CSR programs align with local culture. Theoretically, this study expands the Advocacy Coalition Framework (ACF) by adding the role of local wisdom as a reinforcing variable, as well as expanding the application of the Triple Bottom Line (TBL) to a Quadruple Bottom Line with a cultural dimension. Practically, these results suggest that local governments and businesses need to use local wisdom as a basis for formulating CSR policies to be more adaptive and inclusive of community needs.

This study has limitations due to its single case study and limited number of informants, so generalization of the results remains contextual. Furthermore, the measurement of sustainability impacts is still qualitative, based on informant perceptions, and does not yet utilize quantitative indicators. For further research, it is recommended to use a mixed-methods approach or Structural Equation Modeling (SEM) to empirically test the relationship between policy coalitions, local wisdom values, and CSR sustainability. Comparative studies across regions are also needed to examine variations in cultural values in CSR policy innovation in Indonesia.

To further examine the sustainability impacts of CSR implementation, this study categorizes empirical findings based on the Triple Bottom Line (TBL) dimensions and extends them into a Quadruple Bottom Line framework by incorporating cultural sustainability. The analysis shows that CSR implementation in Banyuwangi produces multidimensional impacts encompassing economic empowerment, social participation, environmental conservation, and cultural preservation. Table 2 presents the observed dimensions, empirical indicators, frequency of theme occurrence, statements from representative informants, and interpretations of the sustainability impacts identified during the study.

Table 2. Impact of CSR Implementation Based on Triple Bottom Line (TBL) Dimensions

Size	Observed Aspects	Frequency of Theme Appearance (n = 15 informants)	Quotes from Informants (Verbatim)	Impact Interpretation
Economy	Increasing community income through MSME assistance and skills training.	13	"Since the company's CSR training, our production has increased, and we can sell our products to tourists." (Informant M-3, MSME actor)	CSR programs increase the productivity and income of local communities by strengthening culturally based economic capacity (Andriana et al., 2025).
Social	Community participation and collaboration between actors in the implementation of CSR programs.	15	"We participate in every CSR activity because it is also part of our village values." (Informant S-2, community leader)	CSR strengthens social cohesion and fosters trust between actors through collaboration based on local values (Susanto, 2022).
Environment	Conservation activities, waste management, and reforestation of tourist areas.	12	"The company's CSR program has helped us create a green park in the village and provided training on waste management." (Informant L-1, Village Official)	CSR contributes to environmental sustainability and increased ecological awareness among the public, in line with the planetary principles in TBL (Elkington, 2018).
Culture (Local Wisdom)	Integration of the values of Gugur Gunung, Sambatan, and Tanggap ing Sasmita in the CSR program	14	"This CSR program is tailored to Osing customs. So we feel this isn't just aid, but rather collaboration." (Informant B-4, Traditional Leader)	Local wisdom strengthens the social legitimacy and sustainability of CSR, expanding TBL into a Quadruple Bottom Line with a cultural dimension (Mahyuni & Dewi, 2021).

Source: processed by researchers, 2026

The data in Table 2 shows that all dimensions of the Triple Bottom Line (TBL)—economic, social, and environmental—are significantly accommodated in the implementation of CSR policies in Banyuwangi Regency. The social dimension had the highest frequency of occurrence (15 out of 15 informants), which emphasizes the central role of the value of reciprocal cooperation (sambatan) in strengthening community participation. This aligns with the Advocacy Coalition Framework (ACF) theory, which emphasizes the importance of collective learning and collaboration between actors in policy change ([Jenkins-Smith & Weible, 2025](#)).

The economic dimension also showed positive results through strengthening the capacity of MSMEs and empowering women, as demonstrated by the quote from informant M-3. These results support the findings of [Andriana et al. \(2025\)](#) that CSR directed at locally-based empowerment can increase community financial independence. The environmental dimension is prominent in community-based conservation and waste management programs, strengthening the planetary pillar in the TBL ([Elkington, 2018](#)). Meanwhile, the addition of the cultural dimension (local wisdom) as the fourth pillar illustrates that the success of CSR in Banyuwangi is measured not only by economic results but also by alignment with local socio-cultural values ([Mahyuni & Dewi, 2021](#)).

These results demonstrate that local wisdom-based CSR is not only a corporate social responsibility but also a form of regional policy innovation that integrates economic, social, environmental, and cultural approaches into a single sustainable development system. The integration of local values increases public trust in companies and creates strong social legitimacy, as emphasized by [Susanto et al. \(2022\)](#). Thus, these findings expand the Triple Bottom Line (TBL)

concept into a Quadruple Bottom Line, which is relevant for developing countries with rich cultures like Indonesia.

To strengthen this study's theoretical position, the findings are compared with previous studies addressing CSR governance, sustainability, policy coalitions, and the integration of local wisdom. This comparison highlights both the continuity and novelty of this study within the broader literature on CSR and sustainable development. Table 3 further summarizes the relationship between these previous studies and the current research findings, particularly regarding the integration of cultural values into CSR and sustainability governance frameworks.

Table 3. Comparison of Research Findings with Previous Studies

Researchers and Years	Research Context	Key Findings	Relation/Difference with This Study	Contribution to Theory
Elkington (2018)	Conceptualization of Triple Bottom Line (TBL) in global business sustainability	Emphasizes three main pillars of sustainability: economic, social, and environmental.	This study expands TBL by adding a cultural dimension (local wisdom) as the fourth pillar or Quadruple Bottom Line.	Expanding TBL by including cultural values as an integrative component in CSR.
Carroll & Brown (2021)	CSR in developed countries is based on social responsibility and corporate reputation.	CSR is considered an ethical strategy oriented towards social and environmental justice.	This study finds that CSR in the local Indonesian context is not only an ethical strategy, but also a social mechanism to strengthen community cohesion through the value of reciprocal cooperation.	Adding a community-based CSR perspective to the theory of corporate social responsibility.
Rahman & Yusoff (2023)	Environmental policy analysis in Southeast Asia using the Advocacy Coalition Framework (ACF)	Coalitions of policy actors shape policy direction through learning and value interaction.	This study confirms these findings, but adds that local cultural values play a role in stabilizing coalitions and increasing the legitimacy of CSR policies.	Developing the ACF by incorporating cultural variables as stabilizing factors in public policy.
Mahyuni & Dewi (2021)	Tri Hita Karana-based CSR in Bali	The integration of spiritual, social and environmental values strengthens the sustainability of tourism.	This study found a similar pattern, but with an Osing socio-collective basis that emphasizes reciprocal cooperation and community economic participation.	Demonstrates the diversity of local culture-based CSR models in Indonesia.
Azheri & Sutopo (2023)	Corporate social legitimacy through CSR in local communities	CSR (Corporate Social Responsibility) is effective if it aligns with the cultural and social norms of the local community.	This study supports this view and empirically shows how the integration of the values of Gugur Gunung and Sambatan strengthens the social legitimacy of the company.	Expanding the theory of social legitimacy with empirical evidence in the Osing cultural context.
Andriana et al. (2025)	CSR and women's empowerment based on local wisdom in South Sumatra	Locally based CSR increases the financial independence of women's communities.	The results of this study show a similar direction, namely that CSR based on local values also increases social resilience in the Banyuwangi community.	Adding a resilience dimension to a local wisdom-based CSR framework.

Source: processed by researchers, 2026

Table 3 shows that this study expands two main theoretical frameworks, namely the Advocacy Coalition Framework (ACF) and the Triple Bottom Line (TBL), by integrating local wisdom values as an additional dimension that influences the stability and sustainability of CSR policies. While

Elkington (2018) emphasizes the three pillars of sustainability (economic, social, and environmental), the results of this study indicate that in the Indonesian cultural context, the fourth pillar, namely culture, is a crucial element that mediates the relationship between policy actors and the success of CSR programs.

This study also complements the findings of Susanto et al. (2022) by confirming that in local contexts, policy coalitions are driven not only by political or economic interests but also by social norms and cultural values that shape trust between actors. This broadens the scope of the Advocacy Coalition Framework by adding culture as an integrative element that determines long-term policy stability. Furthermore, these findings align with Mahyuni & Dewi, (2021), who emphasize that culture-based CSR can be an effective instrument in strengthening social legitimacy and economic sustainability.

The main theoretical contribution of this research is the development of a conceptual model of local wisdom-based CSR that combines elements of ACF and TBL within the Quadruple Bottom Line framework. Practically, these results provide guidance for local governments and the private sector to design CSR policies that are oriented not only towards economic outcomes, but also towards strengthening culture and community participation. Thus, this research confirms that local wisdom-based CSR policy innovation is a path towards inclusive and sustainable development that aligns with Indonesia's socio-cultural character (Alamsyah et al., 2019; Sabatier, 1988; Tajbakhsh et al., 2026; Zheng, 2026).

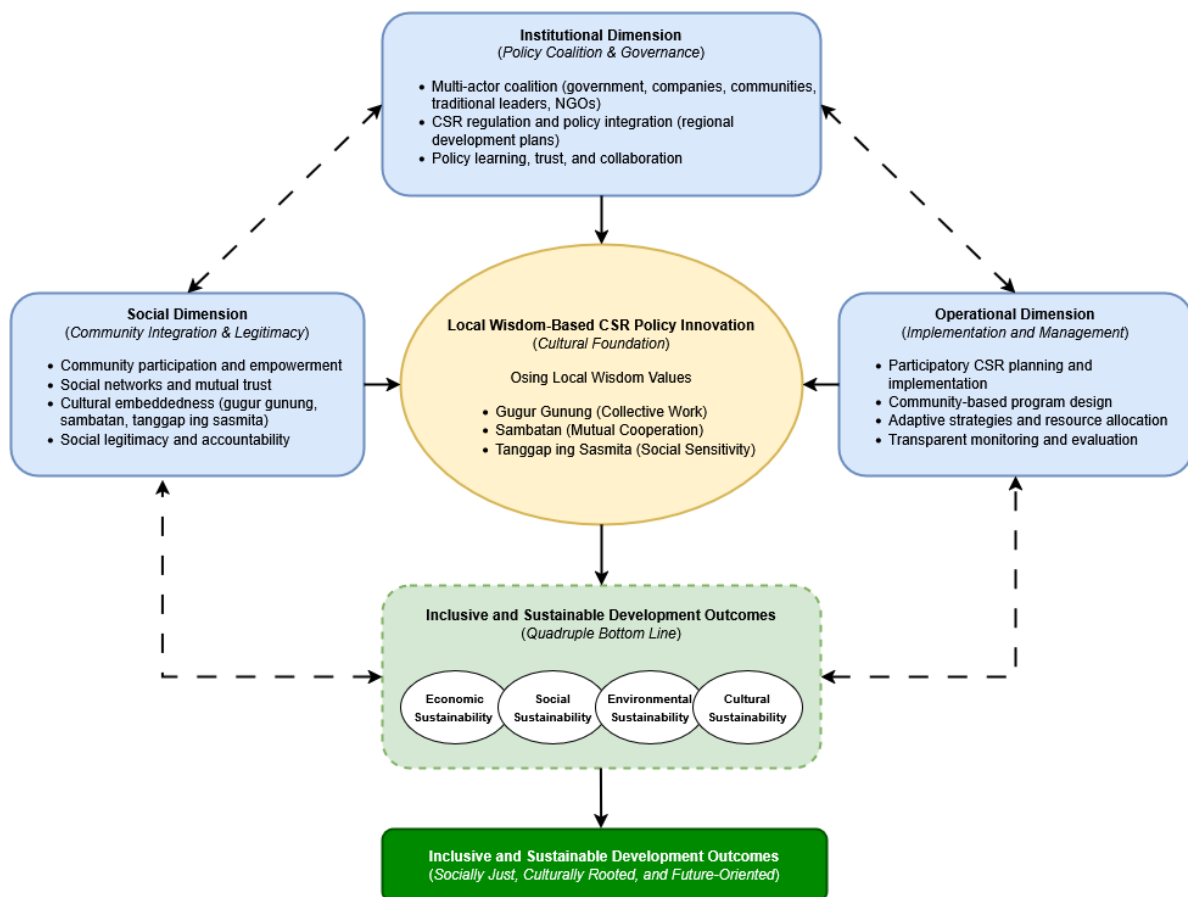


Figure 2. Conceptual Framework of Local Wisdom-Based CSR Policy Innovation
(Source: Processed by the Author)

Figure 1 presents an integrated framework for local wisdom-based CSR policy innovation in Banyuwangi Regency, developed through a synthesis of the Advocacy Coalition Framework (ACF) and the Quadruple Bottom Line perspective. This framework conceptualizes CSR policy innovation as a dynamic governance process shaped by the interaction between institutional, social, and operational dimensions. The institutional dimension emphasizes the formation of multi-actor policy coalitions involving government, companies, communities, traditional leaders, and NGOs, which

collectively facilitate policy learning, trust-building, and the integration of CSR into regional development governance. Concurrently, the social dimension highlights the importance of community participation, social legitimacy, cultural connectedness, and mutual trust in strengthening community acceptance of CSR initiatives. The operational dimension strengthens these processes through participatory planning, community-based program implementation, adaptive resource allocation, and transparent monitoring mechanisms. The core of this framework is the function of local wisdom-based CSR policy innovation as a cultural foundation that mediates interactions between policy actors through the integration of Osing local wisdom values, namely Gugur Gunung (collective work), Sambat (mutual cooperation), and Tanggap ing Sasmita (social sensitivity). These cultural values not only strengthen collaborative governance and policy legitimacy but also enhance the sustainability orientation of CSR practices. The interaction between these dimensions then produces inclusive and sustainable development outcomes reflected in the Quadruple Bottom Line dimension, which includes economic, social, environmental, and cultural sustainability (Hoefler, 2023; Keast et al., 2014; Kübler, 2001; Sabatier, 1998). Therefore, this framework demonstrates that the integration of local wisdom into CSR governance serves as a strategic mechanism to promote regional development that is socially just, culturally rooted, participatory, and future-oriented.

The empirical novelty of this study lies in its demonstration that local wisdom functions not only as a cultural attribute surrounding CSR activities, but also as an active governance mechanism that shapes policy coalitions, participatory implementation, and sustainability outcomes. Unlike previous CSR studies that largely position culture as a contextual or symbolic factor, this study empirically demonstrates how Osing cultural values operationally influence actor collaboration, social legitimacy, community participation, and policy adaptability in the CSR governance process. Furthermore, this study provides empirical evidence that local wisdom can strengthen the stability of policy coalitions by fostering trust, collective commitment, and shared social responsibility among government institutions, companies, and communities. These findings also extend the Triple Bottom Line perspective into a Quadruple Bottom Line framework by demonstrating that cultural sustainability is not only complementary but also crucial for achieving inclusive and sustainable regional development in a multicultural society like Indonesia.

Based on empirical findings, policy recommendations are derived directly from observed dynamics in Banyuwangi's CSR implementation. The study shows that CSR programs previously emphasized formal compliance and philanthropic activities, often neglecting local cultural values such as gugur gunung, sambatan, and rembug desa. Interviews and observations reveal that these cultural practices significantly enhance social legitimacy, community participation, and adaptive governance. Therefore, it is recommended that local governments revise CSR regulations to embed these cultural norms, provide guidelines for participatory planning and monitoring, and establish multi-stakeholder forums that include community leaders, traditional institutions, and corporate actors to co-design initiatives. Furthermore, companies should align resource allocation with local priorities, such as environmental conservation and cultural heritage preservation, as evidenced by successful projects in ecotourism and community-based MSME development. These recommendations are grounded in the data, ensuring that proposed policies are not merely normative, but actionable strategies that respond to the specific social, cultural, and ecological context of Banyuwangi. From a policy perspective, these findings suggest that local governments need to institutionalize local wisdom values within their regional CSR governance framework through participatory regulations, multi-stakeholder coordination forums, and community-based evaluation mechanisms (Ohno et al., 2022; Pierce et al., 2017; Sabatier, 1988). Local governments should also strengthen the integration of CSR into regional development planning to ensure alignment between corporate programs and local development priorities.

For companies, CSR implementation must go beyond short-term philanthropic activities to long-term participatory partnerships that prioritize community empowerment, cultural sustainability, and social legitimacy. Companies are encouraged to engage traditional leaders, local communities, and civil society organizations during program planning, implementation, and evaluation to enhance program trust and sustainability.

Furthermore, the findings suggest that culturally rooted CSR governance can serve as a strategic model for other multicultural regions in Indonesia seeking to integrate sustainability goals

with local socio-cultural values(Ragazou et al., 2024). Therefore, the incorporation of local wisdom into CSR governance should be considered not only as a cultural adaptation strategy but also as a governance innovation to achieve inclusive and sustainable development.

LIMITATION

This study has several limitations. First, it uses a qualitative approach, a single case study in Banyuwangi Regency, so its findings need to be generalized to other regional socio-cultural and governance contexts in Indonesia. Second, although this study successfully conceptualizes the integration of local wisdom into CSR policy innovation through the Advocacy Coalition Framework (ACF) and the Quadruple Bottom Line perspective, the relationships between the identified dimensions have not been quantitatively validated. Therefore, future studies are recommended to adopt a mixed-methods or cross-regional comparative approach and use quantitative techniques such as Structural Equation Modeling (SEM) to empirically test the causal relationships between policy coalitions, local wisdom integration, CSR governance, and sustainable development outcomes across cultural settings.

CONCLUSION

This study examines the transformation of Corporate Social Responsibility (CSR) policies in Banyuwangi Regency, Indonesia, emphasizing the importance of integrating local wisdom into sustainable development practices. The results show that CSR implementation has evolved from a traditional philanthropic model to a collaborative policy innovation rooted in local culture, thus promoting more inclusive social and economic progress.

Theoretically, this study expands the Advocacy Coalition Framework (ACF) by identifying local wisdom as a stabilizing factor that strengthens policy coalitions through shared cultural values. Furthermore, this study refines the Triple Bottom Line (TBL) model by adding a fourth dimension, culture, which forms the Quadruple Bottom Line framework. This model emphasizes that CSR success is measured not only in economic, social, and environmental terms, but also by its ability to preserve cultural identity and social legitimacy. Practically, this study recommends that local governments integrate local cultural values into CSR regulations, while companies need to design participatory and community-based programs to create sustainable social trust.

This study is limited to a single case study with a qualitative approach, so it is recommended that future research use mixed methods or cross-regional comparisons to broaden generalizability. Ultimately, integrating CSR with local wisdom is not only a form of respect for culture but also an effective strategy for achieving inclusive and sustainable development in multicultural societies.

AUTHOR CONTRIBUTIONS

D.I. contributed to the conceptualization of the study, problem formulation, data collection, data curation, original draft preparation, and manuscript coordination. H.P. contributed to the research design, methodological direction, theoretical framework development, supervision, and critical revision of the manuscript. D.S. contributed to data analysis, interpretation of findings, literature review, and refinement of the discussion section. W.K. contributed to validation, review and editing, academic quality control, and final manuscript approval

ACKNOWLEDGMENT

The authors express their appreciation and gratitude to all parties and informants who have shared their experiences, knowledge, and perspectives during this research, especially the Banyuwangi Regency Government, Corporate CSR Representatives, traditional and community leaders in Banyuwangi Regency, East Java. Special appreciation is also extended to academic supervisors, colleagues, and institutional partners who have provided valuable guidance, constructive feedback, and intellectual support during the completion of the study at the University of Jember. Their contributions are crucial in enriching our understanding of impactful and sustainable CSR governance innovation models.

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