



# Evaluating implementation of a CSR program for Sustainable Tourism Development in Indonesia: A case study of Global Geopark Ciletuh

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## Abstract

The focus of this research was to review of Corporate Social Responsibility (CSR) implementation of sustainable geo-tourism development in West Java Province, Indonesia. This study employed data analysis and semi-structured interviews to examine the implementation of a CSR Programme in geo tourism. This study proposed a sustainable business model that refers to the strategic management process. In the case of the CSR Programme of PT. Bio Farma Indonesia (BFI), this has played an essential role through new ways possible to achieve economic, social and environmental success, by accommodating the creation of business growth while promoting benefits to the community through shared value creation. The implementation of the sustainable model concept by the company through adopting well thought out business processes, as well as being a part of the solution for society and the environment is commendable.

**Keywords:** Global Geopark Ciletuh, Indonesia, sustainable Geo-Tourism, business model.

## Introduction

Indonesia is one of larger archipelago countries. It is located in a ring of fire which has a treasure of geodiversity and an attraction for geo-tourism around the world. Today, Indonesia has 3 world heritages, 50 national parks, and 7 geoparks (Hadian, Krishna & Suganda 2016). In terms of a geopark, it is present as an area that has advantage in protecting and using of geological heritage within a sustainable manner. In 2018, Indonesia's government had targeted to reach 17 million foreign tourists visiting. With this target in mind, the tourism sector could contribute to the increasing of the national GDP to 5.25 % and was predicted to create new jobs for more 12.7 million peoples. One of the newly recognized Geoparks is Ciletuh Palabuhanratu Global Geopark. After its mentioning as one important national geopark in 2016, this Geopark received an international recognition from the United Nations Education, Scientific and Culture Organisation (UNESCO) in April, 2018. It is located in Palabuhanratu in Sukabumi Regency, West Java Province, around 150 km from Bandung City. The world recognition given could not be separated from the role of PT. Bio Farma Indonesia (PT. BFI), an Indonesian state-owned enterprise in life science (UNESCO 2016) through its innovative corporate social responsibility (CSR) programme.

This paper presents how the CSR program of PT BFI was able to bring the Ciletuh Palabuhanratu Global Geopark to greater recognition and how it was able to receive international recognition as well as creating positive social, economic and environmental



impact on the local community. This was particularly because of the effect of Celetuh as a sustainable tourism destination.

### **Corporate Social Responsibility (CSR)**

CSR is considered as tactical and strategic method which expected able to solve global poverty gap, social exclusion, environmental degradation problem and support sustainable development (Nicolaidis, 2018; Nicolaidis, 2013; William & Siegel, 2001). Studies found that various management disciplines admit that CSR could benefit the company with various aspects through some issues such as quality management, marketing, communication, finance, HRM, and reporting. Each delivered their viewpoint of CSR appropriate with the situation and challenges (Nicolaidis, 2017a; Nicolaidis, 2017b; Pérez and Pérez 2019).

Drawing from the classic economic perspective of the shareholder perspective, social responsibility should in line the effort to increase profits for shareholders. Incorporating CSR as part of maximizing profits, and the company's main point of interest, socially responsible activities are not only the domain of the organization but also the government's main task. This approach can also be interpreted as a company that cares about CSR only to the extent that it underwrites business purposes, which is long-term value creation for the business owners (Huda et al. 2018; Singh & Nicolaidis, 2014). Accordingly, CSR broadly could be defined as voluntary actions in attaining a goal. Recently many companies have implemented this practice as a crucial practice among companies worldwide. However, it is no longer considered as an optional initiative. CSR communication has become an important topic to be examined both in terms of the message of CSR and the effectiveness of programs related to communication (Bortree, 2014; Nicolaidis, 2017a, 2017b; Wang, 2018).

### **Creating Shared Value**

One of ways to measure the performance of a company in the perspective of the stakeholders is assessed by its social contributions to the community. Societies are demanding that as stakeholders they need to be considered by organisations embarking on tourism projects, and in fact benefit directly to an extent, especially if sustainability is an inherent goal (Nicolaidis, 2015). Any company can play a role through new ways to achieve economic success by accommodating the creation of business growth as well as by providing benefit to society through creating shared value (Porter, 2011; Nicolaidis, 2013). This concept can be applied by adopting business interests as well as problem-solvers for society and the environment (Jamali & Mirshak, 2007). Nicolaidis (2017a) informs us that Corporate Social Responsibility (CSR) is receiving considerable attention since the opening years of the 21st Century. This period has seen many organisations engaging in unethical behaviours that have led to huge corporate scandals and it has become crucial for all companies to augment their governance and develop well-organized and effective ethics programmes to enable them to operate more dutifully in the societies in which they operate. Numerous organizations are in a pursuit of defining what it is precisely that Corporate Social Responsibility (CSR) should incorporate and how corporate ethics can be improved to proactively prevent unethical behaviours which may arise in both the micro and macro environments especially with sustainable tourism development in mind.

To integrate the “business issues and social actions of company” in order to create economic value, Porter (2009) promoted the concept of Creating Shared Values (CSV). This concept offers a win-win solution to bridge the many economic and social values of corporations. It improves on previous CSR concepts with long-term strategic horizons between social and economic advantage. Integrated enterprise value chain activities help to maximize profits; re-aligning the entire corporate budget and emphasizing business and social impacts also takes place. Companies need to change CSR to provide impactful social benefits (Nicolaidis, 2013;



Visser, 2014). PT. BFI adopted the CSV concept as its CSR vision and used the value to identify the appropriate strategy of CSR actions, including the development of Ciletuh Palabuhanratu Global Geopark.

### **The characteristics of Geo-Tourism**

In the last couple of years, Indonesia's geotourism has been introduced as a new niche market as well as a corporate social responsibility aspect of a number of companies. The recognition of the traditional elements and activities of each local community and support for its identity, culture and interests must at all times play a central role in formulating tourism strategies, particularly for Indonesia. Geo tourism has emerged as a credible sustainable tourism industry. The activities promote new development and employment opportunities for the local community (Dowling, 2013). Geo-tourism may be defined as a protection (Pralong, 2006), which means taking care of the environment, protecting geo-heritage, and appreciating nature, but it is also a marketing strategy with the value of how important the geoparks site is for the future generations and heritage in general. The developing Geoparks means helping to build communities, promoting geological heritage, and showing tourists or people how to increase their awareness about natural resources and the beauty of the planet. The expected benefits of sustainable geotourism are associated with local communities and include: 1. direct employment; 2. indirect employment; 3. induced employment.

### **Sustainable Business Model: basic approach for Ciletuh Palabuhanratu Global Geopark**

To increase the understanding of how an organization, moves to new a sustainable business model, studies in the organizational field highlight how to bridge the gap between the planning or design and the implementation thereof (Geissdoerfer, Vladimirova & Evans, 2018). This study also identifies how the organization moves toward a sustainable business model in practice. This movement is because the belief in and evidence that the sustainable business model could become a company's source of competitive advantage (Nidumolu, Prahalad & Rangaswami, 2009). Following are the conclusions of various references and definitions about the Business Sustainability Model (Geissdoerfer, Vladimirova & Evans, 2018):

A sustainable business model differs from the conventional up to four propositions, including:

1. The value proposition provides ecological and/or social value that is measurable together with economic value;
2. The supply chain involves suppliers who are responsible for their stakeholders and also the company's primary stakeholders;
3. The customer interface motivates customers to be responsible for their consumption and also for the company's primary stakeholders;
4. The financial model reflects the proper distribution of economic costs and benefits among actors involved in the business model and takes into account the company's ecological and social impacts.

### **Research Methodology**

This study employed semi-structured interviews and data analysis to evaluate CSR implementation for sustainable geo tourism development in Indonesia: the participants in this study was the CSR team of PT. BFI, and representatives from CSR Partner in Ciletuh Palabuhanratu Global Geopark. The interviews were conducted between November and December 2018, through either visits to the participants' offices, visits the site of Geopark and



telephonic communication. The period of the research was between December 30, 2018 until July 2019.

**Table 1.** Respondents of research

Qualifications of Participants	Number	Sectors
CSR Team of BFI	3	BFI
PAPSI	2	CSR Partner, Local Community
Batik Artisan of Pakidulan	1	CSR Partner, Local Community
Rafflesia Fatma	1	CSR Partner, Local Community
POKMASI	2	CSR Partner, Local Community

## Results and Discussion

### Mission and action of PT. BFI's CSR for Ciletuh Palabuhanratu Global Geopark

Based on the interviews, PT. BFI's CSR in the tourism sector, as many as 23 homestays and 18 tour guides have received training. Besides capacity building, empowerment programmes were also conducted by PT. BFI through fostering local community to develop better social and economic conditions in the region. The Ciletuh Palabuhanratu Global Geopark development coordination team was formed by the government for the preparation of Ciletuh Palabuhanratu Global Geopark to immediately be recognized by UNESCO Global Geopark Network, becoming a Wonderful Geopark Indonesia tourist destination. The success of developing the Ciletuh Palabuhanratu Global Geopark was a form of appreciation for the value of the uniqueness, scarcity, aesthetics of the diversity and geological heritage found in Sukabumi, West Java.

What is the reason for PT. BFI involve in Developing a Geopark?

*"The fact is that BFI has long contributed significantly to caring for biodiversity besides being an important part in the development of the Ciletuh Palabuhanratu UNESCO Global Geopark, an area that is currently developing into a tourism destination for sustainable conservation education."* (Manager of Community Development).

Why is Sustainability Important?

*"BFI realizes the potential of Indonesia's abundant natural will be damaged if left ignored. By contributing significantly to protect the ecosystem by taking care of Bio-Diversity, Geo-Diversity, Cultural Diversity which controls it seriously".* (Manager of Environmental Systems).

Every company needs to contribute to improving the quality of life and the environment, which positively impacts on the benefits of the local community and society at large. Not only implementing company sustainability that focuses on business activities, but also for future generations with all their rights to the sustainability of the earth.

## The sustainable ecosystem model of Ciletuh

The CSR program of PT. BFI has created positive social, environmental and economic impacts in Ciletuh. PT. BFI realised that it's CSR effort should be supported and collaborated with various stakeholders such as the local government who supported this. It also collaborated with other local and international parties as well as integrating all initiatives with some international standards to ensure the degree of the programme success as per the following statement.

*"BFI prepares itself to have added value (differences) and value propositions compared to other competitors. The company has implemented world-class Corporate Social Responsibility (CSR) that refers to international regulations such as ISO 26000 guidelines. Collaborates with international institutions, such as WHO, UNICEF, and UNESCO to provide the right solutions for prosperity for the community includes internal stakeholders". (Manager CSR, Comdev, Community Relations)*

The above conditions are the basic factors in Ciletuh's ecosystem. The Manager CSR of PT. BFI also address some important successful factors of sustainable business model of Ciletuh:

- 1) The consistent commitment to integrate all the actions by putting social, environmental and economic aspects as integrated values;
- 2) Creating natural relationship among stakeholders in the process of value delivery;
- 3) Simultaneous value creations from goal setting, action-planning and programme governance;
- 4) Maintaining the stakeholders interests and responsibility into all processes of shared value creation;
- 5) Innovation in products and services of the entire system of the business model.

## The Ciletuh Palabuhanratu Global Geopark Geo Tourism Village Development Programme

The PT. BFI CSR developed a model for the geopark as shown in figure 1. This model is an instrument using sustainable development philosophy to celebrating the heritage of the earth. Geopark is a geographical area with highly valuable heritage assets and needs total protection, education programmes for local people are needed to keep the asset. It is able to be used as a useful source of livelihood in a sustainable environment.

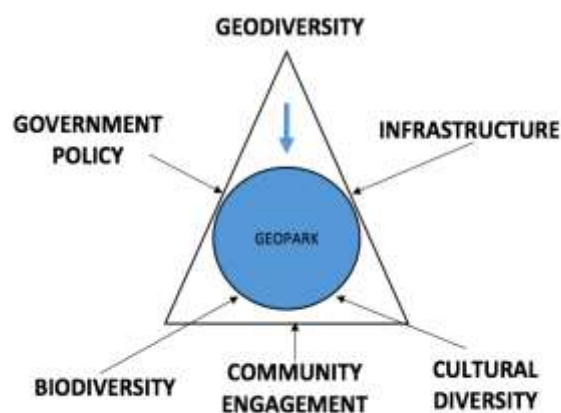


Figure 1. Framework of Geopark Development of PT. BFI



## **The challenges of Implementation of PT. BFI's CSR**

Ciletuh is an area which has biodiversity, geological and cultural potential that can be utilized as a source of sustainable livelihoods. On that basis, PT. BFI took the Ciletuh Region as one of the target areas for community development programmes (comdev). The model of community development introduced by PT BFI for Ciletuh is not familiar among Indonesian corporations. Thus, PT. BFI could be considered as the pioneer of CSR practices in this area with its integrated sustainable development approach. This effort became a best practice recognized by the Secretary of the UNESCO Global Geoparks Network and it becoming the world role model for the global geopark projects.

Some obstacles during the programme implementation are considered as common sense for a new action. Human resources capacity as well as financial aspects are taken as the main issues of PT BFI CSR programme. To overcome these challenges, PT. BFI worked with the Sukabumi District Government and West Java Provincial Government. They created a coordinating team and planned a comprehensive programme for Ciletuh Palabuhanratu Global Geopark development. The goal of the collaboration was to create a synergy during the process of development. The synergy of this multi-stakeholder's action was manifested in the form of the Geopark Ciletuh-Palabuhanratu Management team which was formed based on the Decree of the Governor of West Java Province. This institution consists of elements of the government, academics, society, and the business sector, which is represented by PT. BFI. Relevance to the sustainability business model was specifically to create a circular economy for the development of an area.

## **Innovation from PT. BFI's Business Model**

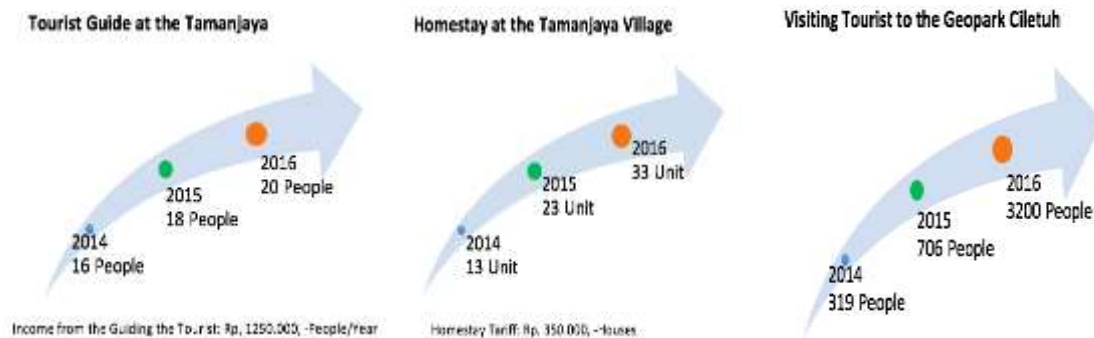
One part of the geopark component is cultural diversity, especially culture related to geological inheritance found in the Geopark region. In Ciletuh Region, there is the potential of cultural diversity which is inspired by the beauty of the landscape, the philosophy of the people and the biodiversity of the region. This potential is Pakidulan Batik craft located in Purwasedar Village, Sukabumi District. Green Industry practices implemented in the empowerment programme of Batik Pakidulan artisans are the use of dyes with Nano-Technology and wastewater treatment plant (WWTP). The impact on people's lives is to minimize waste that flows into the Cikarang River, so that the river can be cleaner and can be utilized optimally for the lives of the surrounding community.

The flow of environmentally friendly industrial processes is inseparable from the value instilled by the company. The company in its production activities is applied to the Batik Pakidulan programme so as to be creating a shared value scheme that is beneficial for the society and environment. This breakthrough indicates that the concept of a green industry has changed people's behaviour. The eco-friendly brand creates a competitive advantage for Pakidulan Batik. The competitive advantage of this product is followed by the ability of the Batik Pakidulan producer community to reduce the impact of production pollution on the environment. As a form of appreciation of PT. BFI's commitment to the green industry, the company made Batik Pakidulan an employee uniform. This is also an indicator that the company opens opportunities for community participation in the PT. BFI's operational cycle. This can be seen from the additional economic activities of the Ciletuh Geopark community in the tourism sector.

## **The Social and Economic Impact**

Based on this principle, PT. BFI has a commitment in the implementation of CSR programmes with a "create shared value" approach. Since Ciletuh region is located in a remote area, it has limited sources of economic income, therefore the community development programmes in this area is expected to substantially increase the standard of living of local. This program was

implemented by collaborating among stakeholders in the region and was hosted within an institution, and the Ciletuh Geopark Development Coordination Team was formed and created by West Java Province and Sukabumi Regency administration. It contains representatives from government, academia, local community leaders, and the business sector.



**Figure. 2.** Social and Economic Impact

As seen in Figure 2, CSR activities of PT. BFI in 2014-2016 at Ciletuh Geopark focused on activities such as introducing the geopark concept to the local community; capacity building of local community; clean water supply piping for the community; local homestay and tour guides coaching; development of environmental friendly batik art (The Batik Pakidulan); preservation of endemic plants, mangroves and coral reefs; and facilitating access to medicine and healthcare services.

In the tourism sector, the program has resulted in new economic activities through Geotourism, creating new jobs for locals as tourist guides who have had an increase of 1,133% in salary compared to the year at the early stage of the programme. The increasing visitors are also noted. Based on the current data, in 2014 there were 319 visitors, the number increased significantly to 3200 people in 2016 and to more than 100 000 people by the end of 2017. This program also resulted in indirect impacts on the environment and its sustainability.

### Conclusion

The business model of PT. BFI for Ciletuh Palabuhanratu Global Geopark is implemented with the below concepts in mind:

1. Sustainable value that synergistically combines economic with social and environmental benefits;
2. The business model involves multiple stakeholders in the field of environment, nature and society;
3. The business model is based on values with new goals, designs and good governance in mind;
4. Business models must systematically create co-shared value;
5. Internalizing and externalizing through a service-product system that enables innovation towards a sustainable business model.

The application of the business model that is utilised by PT. BFI that shares in developing CSR programmes in Ciletuh Palabuhanratu Global Geopark, will enable the dissemination of more efficient and effective solutions and technologies in the industry to produce more benefits for customers and companies and create greater added value in the social, economic and environmental fields. BFI now has the opportunity to research more vigorously so that it expands the benefits for regional development, aspects of bio-diversity with people's daily programs in order to increase contributions to the environment, society and the local and national economies. For further research, it is suggested that there be focus on the potential of bio-diversity in the Geopark Ciletuh region that is about to be extinct, as well as the



development of a suitable CSR programme related to public health in other geopark regions in Indonesia.

## Recommendations

CSR of BFI has given extensive added value to the community and regional development. BFI could develop a system that produces innovation with copyrights that might have an impact, in the form of a development system that is scaled up on CSR to reach more broadly into other areas. Companies could develop a copyright item in the form of success stories that are distributed to local governments in West Java, as well as to the industry nationally, this would promote sustainability.

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