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# The Role of Stakeholder Involvement in the Decision Making Process of Corporate Social Responsibility

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**Abstract:** Stakeholder involvement is considered crucial because it can influence how effective and sustainable a company's CSR program is. Stakeholders, consisting of local communities, employees, customers and other stakeholders have diverse views on the social and environmental problems faced by the company. This research aims to see how stakeholder involvement can influence the success of a company's CSR program. This research will identify various types of stakeholders, including government, non-government organizations and local communities, and how they interact with companies to create CSR policies. The research results show that good collaboration with stakeholders not only increases transparency and accountability but also helps achieve broader social and environmental goals. To increase the positive impact of CSR initiatives, companies must actively involve stakeholders at every stage of decision making.

**Keywords:** Stakeholder Involvement, Corporate Social Responsibility, Decision Making Process

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## Introduction

One important element in company management is stakeholder involvement in decision making. Stakeholder engagement refers to the process by which a company involves individuals or groups who have a stake in how the business runs and make decisions. Because companies do not work alone, they interact with a variety of people who influence their success and social acceptance, this involvement is very important in the context of corporate social responsibility (CSR).

Companies must be more transparent and responsive to stakeholder desires in the era of globalization and increased awareness of social and environmental problems. Not only shareholders, but also employees, customers, local communities, government, and various non-governmental organizations are stakeholders. Their involvement in the decision-making process can increase a company's legitimacy, reduce the risk of conflict, and help achieve social and economic goals. Stakeholders provide diverse perspectives and valuable information about community needs and expectations, which play an important role in determining the direction and effectiveness of CSR programs.

Positive contribution to society and the surrounding environment is a form of corporate responsibility or CSR. Companies must act ethically in everything they do and consider the social and environmental impacts of their actions. Apart from improving a company's reputation, implementing CSR can attract investment, increase customer loyalty, and build better relationships with the community. CSR helps companies achieve sustainable development. However, the success of the program really depends on how many stakeholders are involved in planning, implementing and evaluating CSR activities.

The purpose of writing this research is to see how a company involves stakeholders in the decision-making process related to corporate social responsibility (CSR). Using a qualitative approach, this research will examine the involvement of current engagement mechanisms, the problems faced, and how stakeholder involvement impacts the success of CSR programs. Therefore, it is hoped that the results of this research can provide useful suggestions for companies to optimize the role of stakeholders.

## **Research Method**

This research uses a literature review method. The literature review method was used to examine and analyze a number of previous studies on stakeholder involvement in the decision-making process regarding corporate social responsibility (CSR). The aim of this literature review is to provide a deeper understanding of the contribution of stakeholder involvement in the CSR decision-making process and its impact on the sustainability of a company's CSR program. This method was chosen because it can provide a comprehensive understanding of how stakeholder involvement can influence decision making and implementation of an organization's CSR programs. The data sources used are articles, research reports, scientific journals, and related documents that discuss CSR theory, the role of stakeholders, and case studies. The collected data will be analyzed using thematic synthesis techniques to find new patterns and gaps in existing research. Researchers will discover important ideas about stakeholders, CSR decision-making models, and company relationships with various stakeholders through a literature review.

## **Result and Discussion**

### **A. Types of Stakeholders in CSR Decision Making**

We need to know that stakeholders are stakeholders or several groups of people who have an interest in the company who can influence or be influenced by the actions of the business as a whole. Stakeholders refer to individuals, groups, or organizations who have an interest in or are affected by a company's business activities. They can come from inside or outside the organization and have different roles in the continuity and success of the business.

Stakeholders are grouped into two main categories, namely internal stakeholders and external stakeholders. Internal stakeholders include all people or groups within the organization, such as employees, management, and shareholders. Meanwhile, external stakeholders are people or groups outside the company who are influenced by the company's activities, including customers, suppliers, government, local communities and the media. Although they may not be directly involved in a company's operations, they can be significantly impacted by the company's actions.

Internal stakeholders have a very important role in a company and carry various goals that help the company survive and succeed. The following are some of the goals of internal stakeholders:

### **1. Creating Value and Profit**

Owners and Shareholders will strive to ensure that the company operates effectively and profitably, with the ultimate goal of maximizing the value of the company and making a profit from their investment.

### **2. Strategic Decision Making**

Companies have a board of directors and managers who are responsible for formulating and implementing corporate strategy. With internal stakeholders, companies can make better decisions because they understand the market and its operations well.

### **3. Improving Operational Performance**

Employees involved in daily operational processes have an excellent understanding of process efficiency and effectiveness. By involving managers and employees, companies can increase productivity and operational performance.

### **4. Improve Communication and Transparency**

Companies can improve communication and transparency within the organization with internal stakeholders, which can help build trust between management and employees and reduce conflict.

### **5. Supporting Corporate Social Responsibility (CSR)**

Internal stakeholders can help the company's CSR initiatives. Employees and managers who are involved in social and environmental activities can help build a good company reputation in society.

Overall, internal stakeholders have interrelated goals and contribute to the company's success. By involving them in operational and decision-making processes, companies can create a better work environment, improve performance, and achieve sustainable long-term goals.

Stakeholders play a very important role in achieving organizational goals, and they have the ability to influence the decisions made by the organization as well as its operational results. Examples of internal stakeholders are as follows:

- Owners or Shareholders: They have rights to the organization and rights to the profits it generates. Additionally, they are responsible for making strategic decisions and monitoring organizational performance.

- Director or Board of Directors: Responsible for managing the organization and making strategic decisions, as well as monitoring the organization's performance and ensuring that the organization's goals and mission are achieved.
- Manager: Responsible for managing the organization's operations and ensuring that the organization's goals and mission are achieved.
- Employees: They are people who work for the company and play an important role in achieving the company's goals. They have a direct interest in the company and can influence its decisions and operating results.
- Trade Unions: These organizations represent the interests of employees and ensure their rights are protected. They can also influence company decisions and have a direct interest in the company.

Internal stakeholders may have various interests, but some examples of common interests are as follows:

- Profit: Owners or shareholders have an interest in increasing the organization's profits.
- Performance: Managers and employees have an interest in improving organizational performance and achieving goals.
- Well-being: Employees have an interest in improving their own well-being and that of their families.
- Development : Employees have an interest in improving their own quality of life.

To meet the needs of internal stakeholders, organizations can do several things, such as:

- Improve Communication: Organizations can improve communication with internal stakeholders to ensure that they have sufficient information about the organization's operational decisions and results.
- Increase Participation: Organizations can increase the participation of internal stakeholders in the decision-making process to ensure that they have sufficient information about the decisions and outcomes produced by the organization.
- Improving Well-Being: Companies can improve the quality of life of their employees by providing competitive compensation, good benefits, and a healthy work environment.
- Enhancing Development : Companies can enhance the development of their employees by providing relevant training and development that will help them enhance their abilities.

## **B. Mechanism of Stakeholder Involvement in CSR Decision Making**

The stages related to how stakeholders can be involved in making corporate social responsibility or CSR decisions can go through several processes, including the following:

### **1. Identification**

Companies must determine the main stakeholders related to CSR programs and business activities. Companies can identify the main stakeholders involved in CSR decision making. First, they must carry out stakeholder mapping to find people or groups who have an interest in the company's activities. Internal stakeholders, such as

management, shareholders, and employees, and external stakeholders, such as consumers, suppliers, government, and the general public, are included in this. The following are steps that can be taken:

- Stakeholder Mapping: Identify everyone involved or affected by company operations. Stakeholders are divided into two groups. The first is internal stakeholders (for example, shareholders and employees) and the second is external stakeholders (for example, consumers and government).
- Interest and Influence Analysis: Evaluate the interests of each stakeholder in CSR decisions and determine how much influence they have in decision making, both positive and negative.
- Stakeholder Engagement: Involve stakeholders in discussions to understand what they need, expect, and worry about. To obtain information, we can use approaches such as surveys, interviews, or discussion forums.
- Priority Determination: Determining which stakeholders should be prioritized in CSR decision making based on interest and influence analysis. Focus on stakeholders because they greatly influence the success of CSR programs.
- Communication Strategy Development: To maintain good relations with stakeholders, we need to create a clear communication plan. Ensure information about CSR decisions can be communicated transparently and openly.
- Evaluation and Follow-up: After the CSR program is implemented, carry out an evaluation to evaluate the impact and effectiveness of stakeholder involvement. Then follow up on suggestions from stakeholders for future improvements.

## 2. Planning

The company creates a strategy to increase stakeholder involvement based on the needs, interests, expectations and potential impacts of the project. Companies must develop systematic and inclusive strategies to increase stakeholder involvement in CSR decision making. The first step that must be taken is that the company must identify all relevant stakeholders, both internal (eg shareholders, employees) and external (eg government, local communities, customers and NGOs). Then, the company must analyze the needs, interests, expectations, and possible impacts of the CSR project on each stakeholder through interviews, surveys, or group discussions. Using tools like the Mendelow Matrix to determine engagement priorities, this data is used to segment stakeholders based on their level of influence and importance. Additionally, organizations develop appropriate engagement strategies. This can include simple consultations for stakeholders with lower interest or active participation through workshops for stakeholders with higher influence and importance.

To build trust, involvement is carried out through discussion forums, direct collaboration, or strategic communication. To ensure involvement remains relevant and effective throughout the process, monitoring and evaluation is carried out using performance indicators such as level of participation and stakeholder satisfaction. In addition, transparency is very important, companies must provide regular reports to stakeholders and show how their opinions influence final decisions. This step strengthens

long-term relationships and increases trust, making stakeholders strategic partners in achieving the company's sustainability goals. By ensuring that CSR programs provide the best benefits for all parties involved, this strategy creates shared added value.

### **3. Management**

The company communicates and collaborates with stakeholders. To increase stakeholder involvement in CSR decision making, companies need a systematic, comprehensive and inclusive approach. Starting from identifying stakeholders to monitoring and evaluating the impact of CSR policies to ensure that the CSR policies taken not only benefit the company but also benefit the community and surrounding environment. This more inclusive involvement will increase the legitimacy and success of CSR programs and strengthen the company's relationships with various parties who have an interest in the company's social and environmental activities.

### **4. Monitoring**

Companies must implement a comprehensive and structured monitoring system to monitor stakeholder involvement in CSR decision making. One of the main ways to do this is by conducting regular surveys or interviews with stakeholders to find out how the CSR that has been implemented has met the desires and needs of stakeholders, and this helps companies know how much confidence they have in the program.

Additionally, organizations can use analytical tools, such as online survey platforms or social media, to find out how much stakeholder engagement and response there is to newly launched CSR initiatives. Monitoring also involves assessing the impact of CSR programs both quantitatively (e.g., the amount of stakeholder participation or contribution) and qualitatively (e.g., stakeholder opinions about how effective the program is).

Companies must also hold regular forums or meetings with stakeholders to discuss the results of CSR implementation and seek further input. In this way, companies can ensure that stakeholder involvement is not only limited to the planning phase but also at every implementation and evaluation stage, and enable the adjustment of CSR policies to better suit stakeholder needs and expectations.

## **C. Company Challenges in Involving Stakeholders in CSR Decision Making**

Involving stakeholders in decision making regarding Corporate Social Responsibility (CSR) is a difficult process because it involves many parties with different interests. The following are some of the challenges companies face when involving stakeholders in CSR decision making:

### **1. Diversity of Stakeholder Interests**

To handle the interests of various different stakeholders, companies face big problems. External stakeholders, such as communities, governments, and NGOs, sometimes conflict about their priorities. For example, local communities may be more interested in programs that focus on improving quality of life or building infrastructure, whereas governments may prioritize economic effects or regulatory compliance. However, internal stakeholders such as shareholders and employees are usually more

interested in the long-term benefits that the company can obtain from CSR programs. Therefore, companies must be able to balance and integrate the interests of these various stakeholders when making decisions.

## **2. Complexity of Data and Information Collection**

One of the big challenges in CSR decision making is relevant data from various stakeholders. Companies must ensure that the voices of all stakeholders, both internal and external, can be heard properly. However, stakeholder mapping often requires a lot of time and resources because it involves identifying who is affected and who has the power to influence decisions. In addition, the right approach is needed to collect broad input from various parties, such as non-governmental organizations, the community and employees. Thus, the data collected can be used effectively in creating CSR programs.

## **3. Effective Communication**

Building effective communication is one of the main challenges in involving stakeholders. Due to the diversity of stakeholder backgrounds, companies must use language that is easily understood by all parties. Choosing the right communication channel is also important. Businesses must optimize all their channels, both online and offline, to reach all stakeholders. Additionally, transparency must be the basis of every communication. Companies must be open and honest in conveying information about the objectives, processes and results of CSR programs so that stakeholders trust them and encourage more active participation.

## **4. Funding And Resources**

Involving stakeholders requires significant time, energy, and resources. Companies must provide special funds for events related to stakeholder involvement, such as surveys, meetings or discussion forums. Apart from that, companies need employees who are experienced in managing relationships with stakeholders. Therefore, companies often face challenges due to these limited resources, especially with regard to small and medium businesses.

## **5. Transparency and Accountability Are Difficult to Maintain**

To build stakeholder trust, it is important to ensure transparency in the entire CSR decision-making process. However, it is often difficult to involve all stakeholders directly in every stage of decision making. In addition, there are challenges to measuring the social and environmental impacts of CSR programs and conducting regular performance evaluations. To measure the success of a CSR program, clear indicators and accurate data are needed.

## **6. Crisis Management and Sensitive Issues**

Companies often face criticism of CSR programs, especially if the expected results are not achieved or the program causes controversy. Various parties can protest over sensitive issues such as environmental impacts, human rights, or social injustice. If criticism is not managed well, it can develop into a crisis that damages relationships with stakeholders and damages the company's image. Companies must have the right strategy to respond constructively, without damaging their reputation or the positive impact of CSR.

## 7. Collaboration with External Stakeholders

Companies often have to collaborate to run CSR programs with third parties such as NGOs, governments or international organizations. Working with third parties brings certain challenges, especially related to differences in goals and interests between the company and the third party. In addition, companies can face difficulties in managing relationships with various external parties who have different capacities and priorities. In addition, this dependence on third parties can increase risks related to the quality of implementation and even political influence that can hinder CSR programs.

## 8. Compliance with Standards and Regulations

Another big issue is ensuring that the company's CSR program complies with applicable regulations, both local and international. Many countries have policies or regulations governing CSR, and companies operating in some countries must adapt their CSR programs to meet these regulations. In addition, companies must comply with international CSR standards such as ISO 26000 or the Global Reporting Initiative (GRI). This procedure requires a deep understanding of the regulations and standards applicable in different countries or industries, which may influence how CSR programs are run.

Involving stakeholders in CSR decision making is a difficult and challenging process. However, companies can overcome difficulties and build good relationships with stakeholders with careful planning, effective communication, and strong commitment.

## D. The Impact of Stakeholder Involvement on the Effectiveness of CSR Programs

The effectiveness of Corporate Social Responsibility (CSR) programs is greatly influenced by stakeholder involvement. Stakeholders are all people involved or affected by company activities including the community, government, NGOs, customers, and even investors. Various aspects of CSR program planning, implementation, and evaluation can be influenced by their involvement in the CSR decision-making process. Below are the main impacts of stakeholder involvement on CSR program performance, including:

### 1. Strengthening the Relevance of CSR Programs

One of the main benefits of stakeholder involvement is that CSR programs become more relevant. Companies can better understand stakeholder needs and expectations by involving them in program planning. For example, local people who participate in discussions about social responsibility (CSR) may provide more accurate information about social issues such as education, health, or the environment. This allows companies to create programs that suit community needs rather than relying solely on company opinions or plans. For example, a company can hold a forum to discuss clean water problems in a particular village. Then, they can design CSR programs that offer better solutions, such as building drilled wells or providing better clean water facilities.

### 2. Increasing Stakeholder Commitment and Ownership

When stakeholders are involved in the decision-making process, they tend to feel ownership and responsibility for the success of the CSR program. Their involvement in



planning and implementing skills training programs, for example, will make local communities more committed to maintaining the sustainability of the program because they were involved from the start. This involvement can increase active participation and reduce resistance to the company's CSR programs.

### **3. Increase Trust and Credibility**

Increasing a company's credibility in the eyes of the public can be achieved through stakeholder involvement in CSR programs. Stakeholders directly involved in CSR programs can act as effective communication agents, helping to spread information about the program's success and effects. In addition, stakeholders who feel heard and appreciated will be more likely to support the company's CSR program more strongly. This trust is very important because stakeholders, especially the public and consumers, are more likely to support companies that are transparent and committed to their social responsibilities.

### **4. Increasing Social And Environmental Effects**

The resulting social and environmental impacts can be increased by stakeholder involvement, especially from groups directly affected by CSR programs. Stakeholders who have direct knowledge and experience will be able to provide a deeper view on how to maximize the benefits of CSR programs. For example, if farmers are involved in agricultural-based economic empowerment programs, companies can develop more efficient solutions, such as training tailored to their needs or the development of relevant technologies to increase agricultural yields. As a result, the social and environmental impacts of CSR programs will be more focused and sustainable.

### **5. Improving CSR Program Performance**

In addition, stakeholder involvement in CSR programs can increase the efficiency of their implementation. Stakeholders who are directly involved in the program implementation process can help in planning and executing the program more effectively, reducing the possibility of errors or waste of resources. For example, company employees can ensure that the resources used for CSR programs are used according to their objectives and are not wasted.

### **6. Increased Responsiveness to Problems that Arise**

Companies can handle problems or challenges that arise during CSR programs by actively involving stakeholders. Involved stakeholders, especially groups or communities directly affected, can provide important information about problems that have not been previously detected. For example, if a social responsibility (CSR) program aims to build public infrastructure such as a road or bridge, local communities can provide feedback about more pressing additional infrastructure needs or provide warnings about problems that may arise during the construction process. Responses to this feedback can improve CSR program implementation and reduce the risk of failure.

### **7. Increasing Innovation in CSR Programs**

Stakeholders often have unique insights or knowledge that can drive innovation and play a role in developing innovative ideas for CSR programs. Companies can create more innovative and innovative solutions to the social problems they face by talking and

collaborating with stakeholders. For example, stakeholders such as environmentally focused NGOs can contribute to waste management programs by providing suggestions on more environmentally friendly recycling techniques or new technologies that can reduce waste.

### **8. Reducing the Risk of Conflict and Resilience**

If a company ignores stakeholder involvement, it can cause resistance or conflict which can hinder CSR programs. Stakeholders who feel neglected or unappreciated may oppose the program or even damage the company's reputation. Involving stakeholders in every stage of planning and implementation, in turn, allows companies to spot conflicts early and reach joint solutions. The involvement of interested parties also allows for better communication between the company and interested parties and reduces misunderstandings.

### **9. Sustainability of CSR Programs**

If a CSR program is designed and implemented solely by the company without considering stakeholder input, the program is often unsustainable, especially if it does not meet the needs or expectations of the parties involved in the long term. However, by ensuring stakeholder involvement in planning and evaluation, companies can design CSR programs that are more durable and easy to maintain. After the initial implementation is complete, stakeholders involved from the start will be more supportive and maintain the sustainability of the program.

### **10. Increasing Social Reputation and Company Performance**

Companies that have effective CSR programs produced through stakeholder engagement have a positive impact on their performance and reputation. CSR programs that are well received by stakeholders and have a real social impact will improve the company's image in the eyes of the public and increase consumer loyalty, in addition to gaining long-term benefits.

## **E. Strategy for Increasing Stakeholder Involvement in CSR Decision Making**

Corporate Social Responsibility (CSR) strategy as a driver of business innovation is very important in an increasingly complex and dynamic business era. CSR can help companies improve innovative and creative capabilities, as well as increase competitive advantages and business opportunities in the global market. By carrying out CSR activities, companies can increase their ability to innovate and create better and more sustainable products or services (Rahmatussani et al., 2020). CSR can also help companies improve environmental safety and comfort, as well as increase community awareness and participation in development and empowerment efforts.

There are several strategies that can be used to increase stakeholder involvement in corporate social responsibility (CSR) decision making, which can be explained through several important steps, namely:

#### **1. Pemetane Stakeholder (Stakeholder Mapping)**

A very important first step is to carry out comprehensive stakeholder mapping. This task aims to find out who the company's main stakeholders are and what their interests

and roles are in the CSR program. Stakeholders in CSR include employees, customers, local communities, governments, NGOs, investors and even competitors. This mapping helps companies understand who needs to be involved in decision making and how. This allows companies to focus on stakeholders who have a significant impact on the success of their CSR programs.

## **2. Building Open and Transparent Communication**

Transparency is key to building trust between companies and stakeholders. The strategy that can be implemented is to provide clear and open information about the company's CSR policy, the goals to be achieved, and the actions taken. Open communication includes conveying achievements, challenges and obstacles to CSR programs in the past. By using various communication channels such as face-to-face meetings, email, social media, and annual reports, you can make this information accessible to all stakeholders.

## **3. Stakeholder Involvement in the Planning and Decision Making Process**

Stakeholders must be involved not only at the implementation stage but also at the planning and decision-making stages. One way to achieve this is by holding discussion forums, workshops and focus group discussions (FGD) to listen to opinions and input from stakeholders. For example, companies can invite local communities to discuss social issues related to their activities, or meet with representatives of NGOs that focus on environmental issues to understand existing challenges. By involving stakeholders from the start, companies can design CSR programs that better meet stakeholder needs and expectations.

## **4. Forming an Inclusive CSR Committee or Forum**

To enable more structured participation, companies can form CSR committees or forums consisting of representatives from various stakeholders. This committee consists of employees, local communities, academics, and representatives of the government and non-governmental organizations (NGOs). This forum aims to discuss various social problems, provide advice on CSR policies, and ensure that CSR programs are implemented in line with stakeholder needs. This body can also assess the social impact of CSR programs and make recommendations for further improvements.

## **5. Preparing a Program to Respond to Stakeholder Input**

A good CSR program must be able to respond to stakeholder needs and expectations. Therefore, companies need to develop effective feedback mechanisms. One way to achieve this is to use surveys and interviews to gather stakeholder opinions about programs that have been implemented or are currently underway. The results of this feedback are used to improve CSR programs to be more inclusive and have a greater impact on society. For example, if the public feels that a company's social assistance program is not on target, the company can adjust the allocation of aid or choose a more appropriate distribution method.

## **6. Leveraging Technology To Increase Engagement**

Technology can be a very effective tool for increasing stakeholder involvement in CSR decision making. The business world can use online platforms to conduct surveys

and hold webinars and online discussions with stakeholders in various regions. The use of social media can also be a means to disseminate information about CSR programs and involve wider stakeholders, including asking for input through comments and surveys. By using this technology, companies can ensure broader and more comprehensive engagement.

### **7. Measuring and Communicating the Impact of CSR Programs**

Stakeholders want to know the actual results of the CSR program implemented by the company. Therefore, it is important for companies to measure the social, environmental and economic impacts of their CSR programs. This can be achieved through clear performance metrics and regular data collection to measure program effectiveness. In addition, companies must communicate the results of this impact measurement transparently to their stakeholders. Through annual reports and other media, companies can communicate the successes they have achieved, the challenges they have faced, and the steps they have taken to increase the social impact of their CSR programs.

### **8. Increasing Stakeholder Capacity**

In many cases, stakeholder involvement in CSR decision making is hampered by a lack of understanding or capacity in CSR management. Therefore, companies can provide education and training to their stakeholders to help them better understand the concept of CSR, the challenges they face, and how they can contribute to decision making. For example, providing training to local communities regarding sustainable use of natural resources or telling employees how to participate in CSR programs.

### **9. Ensure Continuous Stakeholder Engagement**

Stakeholder involvement in CSR should not be a one-time or temporary affair. Therefore, companies need to design systems that ensure ongoing stakeholder involvement. This can include holding regular meetings, monitoring ongoing CSR programs, and providing regular updates on progress achieved. This way, stakeholders feel valued and remain involved in a long-term process focused on achieving larger social goals.

### **10. Increased Responsibility and Accountability**

Lastly, companies need to ensure that they have mechanisms in place to ensure accountability for decisions taken in their CSR programs. This includes establishing a clear reporting system, independent audits of CSR programs, and clear responsibilities for each stakeholder. This gives stakeholders confidence that the company is truly considering their views and taking responsibility for the decisions taken.

Through the various strategies above, companies can increase stakeholder involvement in CSR decision making in a more effective and structured manner. This involvement not only helps companies design more relevant and impactful CSR programs, but also creates stronger and mutually beneficial relationships between companies and stakeholders. In this way, companies can strengthen their social reputation and create a greater impact on society and the environment.

## **F. Stakeholder Perceptions of CSR Decision Making Involvement**

Stakeholder perceptions of participation in corporate social responsibility (CSR) decision making vary greatly and are influenced by various factors such as the interests, expectations and experiences of each stakeholder. Stakeholders such as the community, employees, investors and government often assess participation in the CSR decision-making process as an indicator of corporate transparency and accountability. Active engagement can increase stakeholder trust and support, while a lack of engagement can breed skepticism and dissatisfaction. Stakeholders expect companies to consider the social and environmental impacts of decisions taken and communicate effectively regarding CSR initiatives undertaken. Therefore, stakeholders' perceptions of their participation in CSR decision making reflect their expectations for better collaboration and greater positive impacts on society and the environment. The following is a summary of these perceptions:

### **1. The Importance of Stakeholder Involvement**

- Stakeholder involvement in CSR decision making helps companies understand their needs and expectations.
- Through chat and participation, companies can identify relevant information and form more effective CSR programs.

### **2. Differences in Perception Between Stakeholders**

- There are differences in perceptions between various stakeholder groups regarding CSR applications.
- Some stakeholders may feel involved and heard, while others feel ignored or have no influence.

### **3. The Influence of Perception on CSR Decisions**

- Positive perceptions of involvement can increase stakeholder support for CSR programs. To achieve success in engaging stakeholders, companies need to ensure that they know how to use engagement objectives, expectations, perceptions and goals based on each stakeholder involved (Irfan & Pratama, 2022).
- Conversely, negative perceptions can cause dissatisfaction which can harm the company's reputation. If a company ignores or does not pay attention to stakeholders, this can cause dissatisfaction, distrust and can threaten or even damage the company's reputation

### **4. Transparency and Communication**

- Transparency in the decision-making process is very crucial to establishing a relationship between the company and its stakeholders.
- Open communication about the goals and benefits of CSR can help reduce misunderstandings. When companies actively involve and communicate with stakeholders, for example employees, customers, investors or communities, this can build religion, transparency and good interaction. If a company effectively responds to stakeholder needs, cases or concerns, this can strengthen the company's reputation as an entity that is responsible and cares about their interests.

### **5. Implications for Companies**

- Companies need to develop tactics that actively involve stakeholders in CSR

decision making.

- Conducting surveys or discussion boards can be an effective way to gather input and increase stakeholder participation.

### **Conclusion**

Stakeholder involvement in the Corporate Social Responsibility (CSR) decision-making process has an important role. Stakeholders, which include individuals or groups who have an interest in a company's activities, have the ability to provide diverse perspectives and help ensure that decisions taken reflect the needs and expectations of society. By involving stakeholders, companies can create more efficient and relevant CSR programs. They can also increase transparency and increase trust.

Stakeholder involvement can also encourage innovation and sustainability in business practices, which has long-term benefits for companies and society. This can improve the company's reputation and build better relationships with the community. Companies must create an effective communications plan that involves the use of social media and technology to increase this engagement. Overall, stakeholder involvement in CSR is an ethical responsibility and an opportunity to create shared value, allowing companies to achieve CSR goals more efficiently and sustainably.

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