

INTEGRATION OF CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RESOURCE MANAGEMENT IN SUPPORTING SUSTAINABLE DEVELOPMENT IN INDONESIAN SOES: A THEORETICAL REVIEW

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ABSTRACT

The integration of Corporate Social Responsibility (CSR) and Human Resource Management (HRM) has become increasingly crucial in supporting sustainable development, particularly in State-Owned Enterprises (SOEs/BUMN) in Indonesia. This theoretical review examines the synergy between CSR practices and HRM functions in achieving the Sustainable Development Goals (SDGs). Using a systematic literature review approach, this study analyzes the theoretical framework that connects CSR and HRM as strategic instruments for sustainable organizational performance. The findings indicate that the integration of Green Human Resource Management (GHRM) with CSR initiatives creates a multiplier effect in achieving economic, social, and environmental sustainability. SOEs in Indonesia face unique challenges and opportunities in implementing this integration due to their dual mandate as profit-oriented entities and agents of public welfare. This study contributes to the literature by proposing a conceptual framework for CSR-HRM integration specifically designed for the Indonesian SOE context, emphasizing the importance of stakeholder engagement, organizational culture, and regulatory compliance. The implications suggest that effective integration requires alignment between corporate strategy, HR policies, and sustainability objectives to maximize long-term value creation for all stakeholders.

Keywords: Corporate Social Responsibility, Human Resource Management, Sustainable Development, State-Owned Enterprises, Green HRM, Indonesia.

A. Introduction

a. Background

Sustainable development has become an urgent global agenda since the establishment of the Sustainable Development Goals (SDGs) by the United Nations in 2015. In Indonesia, State-Owned Enterprises (SOEs) have a strategic role in realizing sustainable development, not only because of their contribution to the national economy, but also because of the dual mandate they carry as business entities and public welfare agents (Windari & Dewi, 2024).

Corporate Social Responsibility (CSR) and Human Resource Management (HRM) are two essential pillars of a modern, sustainability-oriented organizational strategy. CSR has evolved from a mere philanthropic activity to an integral business strategy that contributes to achieving the triple bottom line: profit, people, and planet (Cooke, 2025). Meanwhile, HRM is no longer solely focused on efficient workforce management but

has transformed into Sustainable HRM, integrating sustainability principles into every HR function (Campos-García, 2024).

In Indonesia, CSR implementation has been mandated by Law Number 40 of 2007 concerning Limited Liability Companies and Law Number 25 of 2007 concerning Investment (Fauzi, 2022). As entities partially or wholly owned by the state, SOEs have a special responsibility to implement CSR programs that are oriented not only toward corporate profits but also toward community welfare and environmental sustainability (Mulia Sari et al., 2025).

b. Formulation of the problem

Based on the above background, this study formulates the following research questions:

1. What is the theoretical framework for integrating CSR and HR in the context of sustainable development?
2. What are the challenges and opportunities for implementing CSR-HR integration in Indonesian SOEs?
3. What is an effective CSR-HRM integration model to support the achievement of SDGs in Indonesian SOEs?

c. Research purposes

This research aims to :

1. Analyze the theoretical framework that links CSR and HR in supporting sustainable development.
2. Identifying best practices of CSR-HR integration in Indonesian SOEs.
3. Formulate a conceptual model of CSR-HRM integration that is appropriate to the context of Indonesian BUMN.

d. Benefits of research

This research is expected to provide theoretical contributions to enrich the literature on CSR and HRM integration, particularly in the context of Indonesian state-owned enterprises (SOEs). Practically, this research can serve as a reference for SOE policymakers and management in designing effective CSR-HRM integration strategies to achieve sustainable development goals.

B. LITERATURE REVIEW

a. Corporate Social Responsibility (CSR)

1. CSR Concept

Corporate Social Responsibility (CSR) is a company's commitment to contribute to sustainable economic development, working with employees, their families, local communities, and society at large to improve the quality of life (Mulia Sari et al., 2025). The concept of CSR has evolved from Friedman's perspective, which focused on shareholder value, to a broader stakeholder approach that encompasses economic, legal, ethical, and philanthropic responsibilities (Carroll, 1979).

In the Indonesian context, CSR is not only voluntary but also mandatory for certain companies, particularly those operating in the natural resources sector. The implementation of CSR in Indonesia is regulated through various laws and regulations that emphasize the importance of corporate social and environmental responsibility (Fauzi, 2022).

2. CSR and Sustainable Development

CSR plays a crucial role in achieving the SDGs through its contributions to various aspects of sustainability. Research shows that CSR contributes to green innovation, resource efficiency, and strengthening the capacity of local communities (Mulia Sari et al., 2025). In the context of state-owned enterprises (SOEs), CSR serves as a strategic instrument for achieving a balance between business objectives and socio-environmental responsibility.

b. Human Resource Management (HRM)

1. The Evolution of HR Towards Sustainable HRM

Human Resource Management has transformed from an administrative function into a strategic partner in achieving organizational goals. In the era of sustainable development, HRM has evolved into Sustainable HRM, which integrates the principles of economic, social, and environmental sustainability into every aspect of HR management (Adz Zikri et al., 2024).

2. Green Human Resource Management (GHRM)

Green Human Resource Management (GHRM) is the systematic integration of environmental considerations into HRM functions, including recruitment, training, performance appraisal, and employee engagement (Nugraha et al., 2024). GHRM aims to create an environmentally conscious workforce and contribute to the organization's environmental performance.

GHRM practices include: green recruitment (hiring candidates with environmental awareness), green training (sustainability-based training), green performance management (performance appraisal based on environmental contributions), and green compensation (compensation linked to the achievement of environmental targets) (Yong et al., 2024). GHRM implementation has been shown to improve organizational sustainability performance through changes in employee behavior and a pro-environmental organizational culture.

c. Integration of CSR and HR

1. Theoretical Framework of Integration

The integration of CSR and HRM can be explained through several fundamental theories. The Resource-Based View (RBV) explains that human resources are a strategic resource that can create sustainable competitive advantage when allocated to CSR programs (Nugraha et al., 2024). Stakeholder Theory emphasizes the importance of considering the interests of various stakeholders, including employees, when designing CSR programs (Aust et al., 2024).

Legitimacy Theory explains that organizations need to maintain social legitimacy through alignment between organizational values and social norms, which can be achieved through the integration of CSR and ethical and sustainable HRM practices (Fauzi, 2022). The Triple Bottom Line Framework provides a comprehensive framework for integrating economic, social, and environmental aspects into CSR and HRM strategies.

2. CSR-HRM Integration Model

The CSR-HR integration model includes several key dimensions: strategic alignment (alignment of CSR strategy with HR strategy), structural integration (structural integration between CSR and HR departments), cultural embedding (embedding CSR values in organizational culture through HR practices), and performance measurement (integrated performance measurement that includes CSR and HR indicators) (Cooke, 2025).

In the context of Indonesian SOEs, this integration must consider the unique regulatory context, diverse stakeholder expectations, and implementation challenges in a dynamic business environment (Windari & Dewi, 2024).

d. State-Owned Enterprises and Sustainable Development in Indonesia

1. Strategic Role of State-Owned Enterprises

State-owned enterprises (SOEs) play a strategic role in the Indonesian economy, contributing significantly to GDP, employment, and the provision of public services. As state-owned entities, SOEs have a dual mandate: achieving profitability and serving the public interest (Mulia Sari et al., 2025).

The Ministry of State-Owned Enterprises (SOEs) has been promoting the transformation of SOEs into more sustainable entities through the "SOEs Present for the Nation" program, which integrates CSR with national development. This program emphasizes the importance of collaboration between SOEs in accelerating the achievement of the SDGs (Fauzi, 2022).

2. Challenges and Opportunities

State-owned enterprises (SOEs) face various challenges in integrating CSR and HRM, including limited resources, regulatory complexity, resistance to organizational culture change, and the need to remain competitive while pursuing a social mission. However, SOEs also possess unique opportunities: government support, access to greater resources, high public credibility, and the ability to lead Indonesia's sustainability transformation (Windari & Dewi, 2024).

C. RESEARCH METHODS

This study uses a systematic literature review (SLR) method to analyze literature relevant to the integration of CSR and HRM in the context of sustainable development. The SLR approach was chosen because of its ability to provide a comprehensive and

systematic analysis of existing research, identify knowledge gaps, and formulate a new conceptual framework.

a. Literature Search Strategy

A literature search was conducted through several academic databases, including Scopus, Science Direct, and SINTA (Science and Technology Index) for Indonesian national journals. Keywords used included: "Corporate Social Responsibility," "Human Resource Management," "Green HRM," "Sustainable Development," "SDGs," "BUMN," and "Indonesia." The publication period used was 2019-2025 to ensure the relevance and recency of the literature.

b. Inclusion and Exclusion Criteria

Inclusion criteria include: (1) articles published in journals indexed by SINTA 2-4 and Scopus; (2) articles discussing CSR, HR, or the integration of the two; (3) articles relevant to the Indonesian or developing country context; (4) articles available via open access; and (5) articles published in Indonesian or English.

Exclusion criteria included: (1) articles that were not peer-reviewed; (2) articles that did not have full access; (3) articles with a focus that was not relevant to the research objectives; and (4) articles with low methodological quality.

c. Data analysis

Data analysis was conducted using a thematic approach to identify key themes, patterns, and relationships between CSR and HRM in supporting sustainable development. Narrative synthesis was used to integrate findings from various studies and formulate a comprehensive conceptual framework.

D. RESULTS AND DISCUSSION

a. Previous Research Review

This section presents a systematic review of previous research relevant to the integration of CSR and HRM in supporting sustainable development. This review includes journals indexed by SINTA, Scopus, and publications from ScienceDirect published between 2019 and 2025.

Table 1. Review of Previous Research on CSR, HR, and Sustainable Development

No	Writer & Year	Title	Index	Method	Main Variable/Focus	Key Findings
1.	Mulia Sari et al. (2025)	Integration of CSR, Environmental Sustainability and Community Development: Systematic Literature Review	SINTA 4	Systematic Literature Review	CSR, Environmental Sustainability, Community Development	Integrating CSR with environmental sustainability and community development creates a multiplier effect. A holistic approach involving

						multiple stakeholders is required.
2.	Adz Zikri et al. (2024)	Sustainable Human Resource Management: A Transformation Perspective of Human Resource Management Functions through Optimized Artificial Intelligence	SINTA 2	Literature Review & Conceptual Analysis	Sustainable HRM, AI, HR Function Transformation	AI can optimize sustainable HRM functions through process automation, predictive analytics, and personalized employee experiences. Digital transformation supports more sustainable HRM practices.
3.	Windari & Dewi (2024)	Evaluating Mandatory Corporate Social Responsibility Disclosure Policies and Sustainability Development Goals Achievement in Indonesia	SINTA 3	Quantitative Analysis	CSR Disclosure, Mandatory Policies, SDGs Achievement	Mandatory CSR policies in Indonesia increase reporting transparency, but implementation quality remains variable. Stronger monitoring mechanisms are needed.
4.	Fauzi (2022)	The Evolution of Sustainability Reporting Practices in Indonesia	SINTA 2 & Scopus Q1	Longitudinal Study	Sustainability Reporting, GRI Standards, Reporting Practices	Sustainability reporting practices in Indonesia have undergone significant evolution, with increasing adoption of the GRI Standards. However, a gap remains between disclosure and actual implementation.
5.	Cooke (2025)	Corporate Social Responsibility and Human Resource Management in Asia: Developments,	Scopus Q1	Multi-country Comparative Study	CSR, HRM, Asian Context	CSR-HRM integration in Asia is influenced by cultural, institutional, and economic contexts.

		Challenges and Prospects				Companies in Asia adopt a hybrid approach between global and local practices.
6.	Aust et al. (2024)	Achieving Sustainable Development Goals through Common-Good HRM: Context, Approach and Implications	Scopus Q1	Conceptual Framework Development	Common-Good HRM, SDGs, Institutional Context	Common-Good HRM, which focuses on collective well-being, can be an effective strategy for achieving the SDGs. A paradigm shift from shareholder to stakeholder orientation is required.
7.	Campos-García (2024)	Sustainable HRM and Organizational Performance: The Mediating Role of Affective Commitment and the Moderating Role of Innovation	Scopus Q1	Quantitative (SEM)	Sustainable HRM, Organizational Performance, Affective Commitment, Innovation	Sustainable HRM has a positive effect on organizational performance through the mediation of affective commitment. Innovation positively moderates this relationship.
8.	Yong et al. (2024)	Pathways towards Sustainability in Manufacturing Organizations: Empirical Evidence on the Role of Green Human Resource Management	ScienceDirect & Open Access	Mixed Methods	GHRM Practices, Sustainability Pathways, Manufacturing	Identify five paths for GHRM implementation: leadership-driven, compliance-driven, innovation-driven, employee-driven, and stakeholder-driven. Each path has different characteristics and outcomes.
9.	Zhang et al. (2019)	How Green Human Resource Management Can Promote	ScienceDirect & Open Access	Quantitative (TAM Model)	GHRM, Green Employee Behavior, Technology	GHRM promotes green employee behavior by increasing the

		Green Employee Behavior in China: A Technology Acceptance Model Perspective			Acceptance, China	perceived usefulness and ease of use of green technology. Management support and training play a crucial role.
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Comparative Analysis of Research

Based on a review of 10 previous studies, several important patterns and trends can be identified:

1. Geographical and Contextual Perspectives

Research from the Asian context (Cooke, 2025; Zhang et al., 2019) and Indonesia (Nugraha et al., 2024; Mulia Sari et al., 2025; Windari & Dewi, 2024; Fauzi, 2022) shows that contextual factors such as culture, regulations, and economic conditions significantly influence the implementation of CSR-HRM integration. However, no research has specifically focused on the unique characteristics of Indonesian SOEs.

2. Methodological Approach

The majority of studies use quantitative approaches (Campos-García, 2024; Nugraha et al., 2024; Zhang et al., 2019) to test causal relationships, while conceptual research (Aust et al., 2024; Adz Zikri et al., 2024) and literature reviews (Mulia Sari et al., 2025) provide theoretical frameworks. There is a need for mixed-methods research that can capture the complexity of implementation in SOEs.

3. Focus Variable

Previous research has tended to focus on one aspect (CSR alone or HRM alone), with little research explicitly exploring the integration of the two (Cooke, 2025). This indicates a gap in the holistic understanding of CSR-HRM synergy.

4. Measured Outcomes

The most frequently measured outcomes are organizational performance (Campos-García, 2024), environmental performance (Nugraha et al., 2024), and employee behavior (Zhang et al., 2019). However, their contribution to the SDGs has not been comprehensively explored.

5. The Role of Technology and Innovation

Several recent studies (Adz Zikri et al., 2024; Nugraha et al., 2024) highlight the role of technology and innovation in supporting sustainable practices. This suggests a new trend that needs to be considered in CSR-HRM integration models.

b. CSR Practices in Indonesian State-Owned Enterprises

1. CSR Implementation

The implementation of CSR in Indonesian state-owned enterprises (SOEs) has grown rapidly since it was mandated through regulations. SOE CSR programs cover a wide range of areas, including education, health, MSME development,

environmental conservation, and infrastructure development (Mulia Sari et al., 2025). The "SOEs Present for the Nation" program is a collaborative initiative involving various SOEs in accelerating development in underdeveloped and border regions.

Research shows that state-owned enterprises allocate a significant portion of their net profits to CSR programs, with an increasing focus on programs that are sustainable and have long-term impacts (Fauzi, 2022). However, there is still variation in the quality of CSR implementation among state-owned enterprises, with some demonstrating best practices while others still focus on traditional charitable approaches.

2. CSR Performance Measurement

CSR performance in state-owned enterprises (SOEs) is measured using various indicators, including the Global Reporting Initiative (GRI) Standards and local indicators tailored to the Indonesian context. Sustainability reporting has been mandatory for SOEs listed on the Indonesia Stock Exchange since 2019 (Fauzi, 2022). However, challenges remain in ensuring consistency, accuracy, and comparability of CSR data across SOEs.

c. Integration of CSR and HR: Best Practices

1. Strategic Alignment

Effective integration of CSR and HRM begins with strategic alignment between the organization's sustainability vision, CSR strategy, and HR strategy. SOEs that successfully integrate CSR and HRM demonstrate characteristics such as strong top management commitment, an organizational structure that supports interdepartmental collaboration, and an incentive system that encourages sustainable behavior (Cooke, 2025).

Strategic alignment also includes the integration of CSR objectives into employee and management Key Performance Indicators (KPIs), ensuring that every level of the organization contributes to the achievement of sustainability goals (Mulia Sari et al., 2025).

2. Employee Engagement

Employee engagement in CSR programs is a key element in CSR-HRM integration. Employee volunteer programs, green teams, and sustainability champions have been shown to be effective in raising sustainability awareness and changing employee behavior (Nugraha et al., 2024). State-owned enterprises (SOEs) that successfully integrate CSR and HRM demonstrate high levels of employee engagement in sustainability programs.

3. Organizational culture

An organizational culture that supports sustainability is a crucial foundation for CSR-HRM integration. Cultural transformation requires a holistic approach that includes: socializing sustainability values, role modeling from leaders, reward and recognition systems, and effective communication (Cooke, 2025). State-

owned enterprises (SOEs) need to develop an organizational culture that is not solely profit-oriented, but also people- and planet-oriented.

d. Conceptual Model of CSR-HRM Integration

Based on literature analysis, this study proposes a conceptual model of CSR-HRM integration for Indonesian SOEs that includes five main dimensions:

1. Strategic Dimension: Alignment of sustainability vision with CSR and HR strategies, top management support, and adequate resource allocation.
2. Structural Dimension: Organizational integration between CSR and HR functions, effective coordination mechanisms, and supportive governance systems.
3. Cultural Dimension: Development of an organizational culture that supports sustainability, socialization of CSR and sustainability values, and role modeling from leaders.
4. Operational Dimension: Implementation of GHRM practices in all HR functions, employee integration in CSR programs, and a robust monitoring and evaluation system.
5. Stakeholder Dimension: Engagement with various stakeholders, transparency and accountability, and multi-party collaboration to achieve greater impact.

This model emphasizes the importance of a systemic and holistic approach in integrating CSR and HRM, taking into account the unique context of Indonesian SOEs as business entities with a social mission.

E. CONCLUSION

The integration of Corporate Social Responsibility and Human Resource Management is a crucial strategy in supporting sustainable development in Indonesian state-owned enterprises. Theoretical studies show that this integration not only creates economic value but also has significant social and environmental impacts. Some key conclusions from this research:

First, the theoretical framework linking CSR and HRM can be explained through the Resource-Based View, Stakeholder Theory, and the Triple Bottom Line Framework. These theories provide a strong foundation for understanding how CSR-HRM integration can create sustainable competitive advantage.

Second, best practices for CSR-HRM integration in Indonesian SOEs include strategic alignment, employee engagement, organizational culture transformation, and GHRM implementation. SOEs that successfully integrate CSR and HRM demonstrate strong leadership commitment, a supportive organizational structure, and a comprehensive performance measurement system.

Third, CSR-HRM integration contributes significantly to the achievement of SDGs, particularly SDGs 3, 5, 8, 10, 12, 13, and 17. This contribution is realized through various CSR programs supported by sustainable HRM practices, creating a multiplier impact on sustainable development.

Fourth, Indonesian SOEs face unique challenges in integrating CSR and HRM, including regulatory complexity, limited resources, and the need to balance profit and social missions. However, with government support and a commitment to sustainable transformation, SOEs have significant potential to become pioneers in sustainable business practices in Indonesia.

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