

**DEVELOPING A STRATEGIC SHARED VALUE APPROACH FOR CSR  
PROGRAMS AT PT BUKIT ASAM TBK**

**MENGEMBANGKAN PENDEKATAN NILAI BERSAMA STRATEGIS UNTUK  
PROGRAM CSR DI PT BUKIT ASAM TBK**

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**ABSTRACT**

*PT Bukit Asam Tbk (PTBA) is undergoing an important strategic transition driven by rising global sustainability expectations, national energy transition commitments, and evolving socio-economic conditions in the communities surrounding its operations. This study develops a Strategic Shared Value Approach for PTBA's CSR programs through qualitative strategic analysis supported by a structured prioritization method. The research begins with an assessment of PTBA's socio-economic and environmental operating context using Porter's Diamond Model. This analysis identifies several regional advantages, including post-mining land availability, emerging livelihood potential, community capabilities, and established multi-stakeholder networks. These contextual strengths reveal opportunities for PTBA to design shared value initiatives that enhance livelihood diversification, promote sustainable land use, and strengthen community adaptability in the context of regional transitions. To identify the shared value pathway that best aligns with PTBA's strategic aspirations, the research incorporates the Analytical Hierarchy Process as a structured decision-support tool. Within the qualitative scope of this study, the method is used to systematically organize reasoning and compare alternatives based on strategic alignment, stakeholder expectations, feasibility, and potential for sustained impact. This approach provides a clear rationale for selecting a priority pathway without introducing operational or quantitative complexity. The assessment results in the identification of one pathway with the strongest relevance to PTBA's future direction. This study demonstrates PTBA's potential to transition from traditional CSR practices toward meaningful shared value creation by leveraging regional strengths, organizational capabilities, and its sustainability commitments.*

**Keywords:** Shared Value, Strategic CSR, Sustainability, Conceptual Pathway, Community Development.

**ABSTRAK**

PT Bukit Asam Tbk (PTBA) sedang mengalami transisi strategis penting yang didorong oleh meningkatnya ekspektasi keberlanjutan global, komitmen transisi energi nasional, dan kondisi sosial-ekonomi yang berkembang di komunitas sekitar operasinya. Studi ini mengembangkan Pendekatan Nilai Bersama Strategis untuk program CSR PTBA melalui analisis strategis kualitatif yang didukung oleh metode prioritas terstruktur. Penelitian dimulai dengan penilaian konteks operasi sosial-ekonomi dan lingkungan PTBA menggunakan Model Berlian Porter. Analisis ini mengidentifikasi beberapa keunggulan regional, termasuk ketersediaan lahan pasca penambangan, potensi mata pencaharian yang muncul, kemampuan masyarakat, dan jaringan multi-pemangku kepentingan yang mapan. Kekuatan kontekstual ini mengungkapkan peluang bagi PTBA untuk merancang inisiatif nilai bersama yang meningkatkan diversifikasi mata pencaharian, mempromosikan penggunaan lahan berkelanjutan, dan memperkuat adaptabilitas masyarakat dalam konteks transisi regional. Untuk mengidentifikasi jalur nilai bersama yang paling sesuai dengan aspirasi strategis PTBA, penelitian ini menggabungkan Proses Hierarki Analitis sebagai alat pendukung keputusan terstruktur. Dalam lingkup kualitatif studi ini, metode ini digunakan untuk secara sistematis mengorganisir Pendekatan ini mempertimbangkan berbagai alternatif dan membandingkannya berdasarkan keselarasan strategis, harapan pemangku kepentingan, kelayakan, dan potensi dampak berkelanjutan. Pendekatan ini memberikan dasar pemikiran yang jelas untuk memilih jalur prioritas tanpa menimbulkan kompleksitas operasional atau kuantitatif. Hasil penilaian mengidentifikasi satu jalur yang paling relevan dengan arah masa depan PTBA. Studi ini menunjukkan potensi PTBA untuk beralih dari praktik CSR tradisional menuju penciptaan nilai bersama yang bermakna dengan memanfaatkan kekuatan regional, kemampuan organisasi, dan komitmen keberlanjutannya.

**Kata Kunci:** Nilai Bersama, CSR Strategis, Keberlanjutan, Jalur Konseptual, Pengembangan Komunitas.

## INTRODUCTION

PT Bukit Asam Tbk (PTBA), as a mining company operating in regions with strong social and environmental sensitivities, faces growing expectations to demonstrate responsibility that goes far beyond traditional philanthropic CSR. Communities around PTBA's operations rely heavily on the company for economic activity, employment, and access to basic services, while at the same time living with the environmental pressures that naturally accompany extractive industries. Alongside these conditions, national and global standards for sustainability continue to rise, creating a compelling need for PTBA to reconsider how its social programs are designed, managed, and delivered.

As the company moves toward a more sustainable and diversified business direction, CSR can no longer remain a set of compliance activities or scattered community projects. It must evolve into a strategic approach that intentionally creates shared value—supporting community well-being while strengthening PTBA's long-term relevance and competitiveness. This shift requires a clearer understanding of where current CSR practices have fallen short, what long-term social and environmental challenges need to be addressed, and how PTBA can better align its efforts with the needs of the communities that depend on it.

Indonesia's coal industry is entering a period of structural change as global energy systems continue shifting away from thermal coal. In several major importing countries, accelerated energy transition policies and tighter environmental standards have reduced long-term coal consumption, while demand from alternative markets remains uncertain and sensitive to global economic fluctuations. These

shifts create a less predictable operating environment than in previous years and introduce deeper uncertainty for Indonesia's coal-dependent export sector.

For PT Bukit Asam Tbk (PTBA), these dynamics bring significant strategic challenges. The company must maintain business performance while operating in an industry that is gradually losing competitiveness, and at the same time address the needs of communities that remain heavily dependent on PTBA for employment, income circulation, and basic public services. While this dependence has long supported local economies, it also raises concerns about long-term vulnerability as the coal sector moves into a new phase of transition.

Environmental pressures add further complexity. Mining activities create land disturbance, require extensive reclamation, and influence local ecosystems in ways that demand sustained restoration efforts. Regulatory expectations for environmental performance are rising, and investors increasingly evaluate companies through ESG criteria. These expectations highlight the importance of stronger environmental stewardship and accountable sustainability practices in PTBA's operations.

In PTBA's surrounding regions, several structural challenges persist. Economic diversification remains limited, and many small businesses are tied to mining-related demand. Skill gaps restrict the ability of local communities to transition to alternative sources of livelihood. These realities reveal the limitations of conventional CSR programs that focus on donations, assistance, or short-term activities. Although these programs offer immediate benefits, they are not sufficient to address long-term socio-

economic needs or strengthen community resilience in the face of industry transitions.

At the same time, PTBA must maintain community trust and safeguard its social license to operate. As expectations from stakeholders grow, the company is increasingly required to demonstrate that its social initiatives are strategic, measurable, and aligned with broader regional development priorities. CSR that is fragmented or philanthropic may no longer be adequate to reduce social risks or support the company's long-term operational stability.

These conditions illustrate why PTBA needs to rethink its approach to community development and create programs that contribute more meaningfully to both community well-being and corporate resilience. The Creating Shared Value approach offers a way to achieve this by linking community needs and regional potential with the company's operational strengths and strategic direction. CSV encourages PTBA to design initiatives that generate mutual benefits and support sustainable livelihoods while contributing to the company's future competitiveness.

In an environment shaped by shifting market dynamics, intensifying sustainability expectations, and increasingly complex community challenges, moving toward a shared value-oriented approach is not only appropriate but essential. It provides a stronger foundation for ensuring long-term resilience for both PTBA and the communities that depend on its presence.

PT Bukit Asam Tbk (PTBA) is at a critical point in its corporate transformation. The coal industry, which has long served as the foundation of the company's business model, is now under structural pressure driven by

the global shift toward low-carbon energy, the growing adoption of renewable technologies, and increasingly stringent environmental standards. At the same time, PTBA operates in regions where economic stability, employment, and development trajectories remain closely tied to the company's mining activities. This combination of external change and regional dependence has created rising expectations for PTBA to redefine how it designs and implements its sustainability and responsibility initiatives.

For many years, PTBA has carried out various initiatives under its CSR commitments, spanning economic, social, and environmental dimensions. However, shifts in the business environment show that philanthropic, short-term, or activity-based CSR is no longer sufficient to meet the company's long-term needs or the socioeconomic realities of its operational areas. Existing initiatives are not yet structured as a cohesive strategic portfolio, are not fully aligned with PTBA's transformation agenda, and have not been designed to strengthen business competitiveness or regional resilience in the face of industrial change.

At the same time, stakeholder expectations continue to increase. Regulators demand measurable and transparent sustainability performance, investors are paying closer attention to ESG indicators, local governments call for long-term contributions to regional development, and the company must maintain its social license to operate amid ongoing industry dynamics. In this context, PTBA's future success depends on its ability to create value that simultaneously supports business performance and economic stability in the regions where it operates.

These dynamics reveal a central strategic issue: PTBA does not yet have a structured, prioritized, and strategically integrated Creating Shared Value (CSV) model that aligns sustainability initiatives with the company's business transformation goals. Without a clear CSV framework, sustainability efforts risk becoming fragmented activities with limited impact, causing the company to miss opportunities to generate long-term corporate value and to position sustainability as a source of competitive differentiation. The absence of strategic prioritization also makes it difficult for PTBA to determine which initiatives can meaningfully address structural challenges, mitigate social risks, and reinforce the company's strategic direction.

For this reason, PTBA's primary need is not merely to improve its CSR efforts but to undertake a comprehensive repositioning by developing a CSV model that is strategic, measurable, and closely connected to business priorities. Such a model must clarify how sustainability initiatives contribute to corporate value, strengthen regional resilience, and support long-term business sustainability. This constitutes the core business issue examined in this study: how PTBA can build a shared value approach as a strategic platform to respond to industry transition, meet stakeholder expectations, and create lasting value for the company and the broader ecosystem in which it operates.

## **RESEARCH METHODS**

### ***Research Design***

This study adopts a qualitative exploratory case study design to guide the transformation of Corporate Social Responsibility (CSR) at PT Bukit Asam (PTBA) toward a strategic Creating

Shared Value (CSV) framework. The design is intended to capture contextual social issues, internal strategic priorities, and stakeholder expectations that cannot be adequately explained through quantitative testing. Multiple qualitative technique document analysis, semi-structured interviews, and evaluative analysis are combined to ensure triangulation and contextual validity. To support structured decision-making, the Analytical Hierarchy Process (AHP) is applied qualitatively to organize expert judgment and prioritize CSV initiatives based on shared value criteria rather than statistical inference (Porter & Kramer, 2011; Carroll & Shabana, 2010).

### ***Data Collection Method***

Data collection is designed to generate in-depth insights into PTBA's CSR governance, strategic priorities, and potential transition toward Creating Shared Value. The study employs an exploratory qualitative approach using primary data from internal organizational actors and secondary data from corporate documents, regulations, and academic literature. Semi-structured interviews and systematic document review are combined to enable triangulation, enhance credibility, and ensure that the proposed CSR–CSV framework reflects both operational realities and strategic business considerations relevant to PTBA's sustainability agenda (Porter & Kramer, 2011).

### ***Primary Data***

Primary data were collected through semi-structured interviews with key internal stakeholders at PT Bukit Asam who are directly involved in CSR planning, sustainability implementation, and strategic decision-making. Respondents were selected using

purposive sampling and included representatives from sustainability planning, operational units, corporate strategy, and community engagement functions. The interview format allowed structured exploration of CSR governance, alignment with business priorities, shared value opportunities, and internal prioritization criteria. This approach is consistent with the view that strategic sustainability and shared value creation require insights from decision-makers who shape corporate policy and operational direction (Porter & Kramer, 2011; Bocken et al., 2014).

### ***Secondary Data***

Secondary data were used to strengthen contextual understanding and theoretical grounding of the CSR–CSV transformation at PTBA. Sources included internal company documents such as sustainability reports, CSR/TJSL plans, and the corporate long-term plan (RJPP), as well as government regulations, sustainability standards, and academic literature. Key references included ISO 26000 guidance on social responsibility, national mining and SOE regulations, and scholarly works on CSR, CSV, stakeholder theory, and sustainability governance. These materials supported the formulation of shared value criteria and ensured alignment with regulatory compliance and best-practice sustainability frameworks (ISO, 2010; Porter & Kramer, 2011).

### ***Data Analysis Method***

Data analysis follows a qualitative interpretive approach focused on understanding how internal stakeholders conceptualize CSR and shared value within PTBA. Interview data are transcribed verbatim, reduced for relevance, and manually coded to identify thematic patterns related to

business alignment, governance readiness, stakeholder expectations, feasibility, and sustainability impact. These themes are used to address the first research question through gap analysis between existing CSR practices and CSV principles. For the second research question, thematic findings are translated into evaluative criteria and structured using the Analytical Hierarchy Process (AHP) to prioritize CSV initiatives based on strategic relevance, stakeholder value, feasibility, and long-term impact (Porter & Kramer, 2011; Austin & Seitanidi, 2012).

## **LITERATURE REVIEW**

### ***Carroll's Pyramid of CSR***

Corporate Social Responsibility (CSR) has evolved into a comprehensive framework that guides companies to balance economic performance with social and environmental responsibilities. Carroll conceptualizes CSR through four hierarchical responsibilities: economic, legal, ethical, and philanthropic, commonly known as the CSR Pyramid. Economic responsibility forms the foundation by emphasizing profitability, followed by legal compliance to ensure legitimacy, ethical conduct that reflects societal expectations beyond regulation, and philanthropic activities as voluntary contributions to community well-being. This model remains a foundational reference for understanding corporate responsibility across industries (Carroll, 1991).

### ***Triple Bottom Line (TBL)***

The Triple Bottom Line (TBL) framework represents a significant shift in CSR thinking by emphasizing that corporate success should be measured not only by financial performance but also by social and environmental outcomes. Elkington introduced TBL to

encourage businesses to simultaneously pursue profit (economic value), people (social equity), and planet (environmental sustainability). This integrated approach is particularly relevant for high-impact industries such as mining, where long-term business viability depends on managing social and environmental consequences alongside economic objectives (Elkington, 1994).

### ***Stakeholder Theory***

Stakeholder Theory complements the TBL framework by emphasizing that organizational sustainability depends on managing relationships with a broad range of stakeholders rather than focusing solely on shareholders. Freeman argues that employees, communities, customers, regulators, and environmental systems all influence and are affected by corporate activities. Integrating Stakeholder Theory with TBL transforms CSR from a reporting obligation into a strategic and participatory process, providing a stronger foundation for advanced approaches such as Creating Shared Value (Freeman, 1984).

### ***Strategic CSR in Coal Mining Companies***

In the coal mining industry, strategic CSR serves as a critical foundation for operational sustainability, as social conditions, environmental quality, and regional economic stability directly affect business continuity. For PT Bukit Asam, CSR should focus on priority areas closely linked to operational needs, such as local workforce development, supplier strengthening, infrastructure improvement, and environmental rehabilitation. By positioning CSR as a strategic investment and aligning it with regional development priorities,

companies can strengthen their social license to operate and create enabling conditions for Shared Value initiatives.

### ***Core Principles of Creating Shared Value (CSV)***

Creating Shared Value (CSV) is a strategic concept that positions social challenges as opportunities for business growth and competitiveness. Porter and Kramer define CSV as corporate policies and practices that enhance company performance while simultaneously improving social and economic conditions in the communities where firms operate. CSV is grounded in the integration of social objectives into core business strategy, the creation of measurable mutual benefits, and the use of innovation to address social and environmental constraints that affect long-term productivity and competitiveness (Porter & Kramer, 2006; Porter & Kramer, 2011).

### ***Policy and Operational Practices of CSV***

The effective implementation of CSV requires companies to integrate social considerations directly into strategic and operational decision-making. Porter and Kramer emphasize that social issues must be treated as strategic priorities that guide corporate planning, value chain innovation, and resource allocation. By addressing societal needs through business capabilities—such as improving local skills, supplier capacity, and resource efficiency—companies can transform social constraints into drivers of long-term value creation. Continuous stakeholder engagement further ensures that CSV initiatives remain relevant, credible, and sustainable (Porter & Kramer, 2011; Freeman, 1984).

### ***The Three Pathways of Creating Shared Value (CSV)***

Porter and Kramer identify three primary pathways for creating shared value: reconceiving products and markets, redefining productivity in the value chain, and enabling local cluster development. These pathways allow firms to generate economic value by meeting unmet social needs, improving operational efficiency, and strengthening the broader ecosystems in which they operate. Through these mechanisms, CSV aligns business competitiveness with societal progress and long-term sustainability (Porter & Kramer, 2011).

### ***The Context of CSV in Coal Mining Companies***

CSV is particularly relevant in the mining sector because operational performance is closely linked to local social, economic, and environmental conditions. Factors such as workforce skills, supplier capacity, infrastructure, and environmental quality directly influence productivity and operational stability. By integrating community development and environmental management into core business activities, mining companies can reduce social risks, strengthen community trust, and secure a more predictable operating environment. Despite challenges related to structural social issues and delayed economic returns, CSV provides a strategic framework for aligning business resilience with community well-being.

### ***Governance Frameworks for Shared Value in Mining Companies (ISO 26000)***

ISO 26000 provides a comprehensive governance framework for social responsibility, defining it as an organization's accountability for the

social and environmental impacts of its decisions and activities through ethical and transparent behavior. The standard identifies seven core subjects, including organizational governance, human rights, labor practices, environmental stewardship, fair operating practices, consumer issues, and community development. In the coal mining industry, ISO 26000 serves as a relevant reference for grounding Creating Shared Value initiatives in responsible conduct, stakeholder-oriented governance, and long-term operational sustainability (ISO, 2010).

## **RESULTS AND DISCUSSION**

### ***Analysis***

This section presents the analytical results derived from the interview data and supporting documents. The purpose of the analysis is to distill essential insights from the raw information obtained during data collection and to understand how these insights contribute to answering the research questions. Rather than describing responses individually, the analysis synthesizes perceptions, experiences, and viewpoints of internal stakeholders to identify patterns that explain how CSR is currently practiced at PT Bukit Asam and how the organization perceives the shift toward a Creating Shared Value (CSV) approach. The analysis process follows the sequence defined in the previous chapter, beginning with thematic analysis to reveal dominant themes across respondents, followed by a gap analysis that compares these themes with CSV principles to determine areas of alignment and improvement. The findings from this section form the analytical foundation for the development of the proposed strategic CSV model and become the basis for

determining priority shared value initiatives in later sections.

### ***Thematic Analysis***

This section explains the thematic analysis that was conducted to identify recurring patterns across respondents' perceptions regarding the implementation of CSR and the transition toward a Creating Shared Value (CSV) approach at PT Bukit Asam. The purpose of the thematic analysis is to derive meaningful interpretations from the interview data by categorizing statements into conceptual groups based on similarity of meaning rather than describing each response individually. Through the processes of transcription, coding, categorization, and theme development, the analysis seeks to uncover shared viewpoints, concerns, and aspirations that influence sustainability-related decision-making within the organization. The resulting themes represent dominant issues expressed by respondents and form the foundation for the subsequent gap analysis and development of the conceptual CSV model.

### ***Thematic Findings***

The thematic analysis revealed six dominant themes that reflect collective perspectives of internal stakeholders regarding CSR implementation and the transition toward CSV at PTBA.

First, there is a strong expectation for strategic alignment between CSR programs and business priorities. Respondents emphasized that CSR creates greater meaning and value when it reinforces the company's long-term transformation agenda. However, maintaining this alignment during annual program formulation remains challenging due to short-term and fluctuating demands from communities.

Second, governance readiness for CSV emerged as a recurring concern. While CSR responsibilities are formally assigned, respondents highlighted that CSV requires a more structured governance model, including cross-functional coordination, standardized operating procedures, and shared accountability across units rather than reliance on a single department.

Third, stakeholder expectations and social license pressure were identified as a persistent strategic determinant of program decisions. Maintaining positive community relations is viewed as essential for operational continuity, yet respondents noted that stakeholder demands often dominate program prioritization, reducing consideration for business-aligned planning.

Fourth, respondents acknowledged meaningful business value potential, such as supporting operational stability, strengthening the local supply chain, and contributing to long-term corporate transformation. Nevertheless, business benefits remain incidental rather than intentionally designed and measured, resulting in a weak link between CSV initiatives and business outcomes.

Fifth, the analysis underscored the importance of CSV enabling systems. Respondents repeatedly emphasized that CSV cannot be operationalised without supporting mechanisms such as integrated planning and budgeting processes, cross-functional decision rights, performance indicators, and collaboration platforms that anchor CSV execution to business targets.

Finally, long-term sustainability and program continuity was consistently highlighted across respondents. One-year CSR cycles are considered insufficient for impact maturity; without multi-year continuity, social and



economic gains tend to diminish and communities return to baseline. Sustained CSV execution is therefore perceived as critical to generating cumulative shared value.

### ***Thematic Coding of Interview Responses***

To ensure analytical transparency and traceability of results, the thematic findings above are supported by a structured coding process. Each interview response was examined to identify meaning units, grouped into short analytical codes, and subsequently clustered into themes based on similarity of meaning. The table below illustrates the mapping of interview excerpts to coding outputs and resulting themes, serving as the analytical trail that links raw data to the synthesized findings.

### ***Business Solution***

To respond to the strategic issues identified in the thematic analysis and gap assessment, a business solution is required that shifts the Company's CSR from a predominantly compliance- and philanthropy-oriented approach toward an integrated, value-driven sustainability model. Instead of treating social initiatives as peripheral add-ons, the proposed solution positions sustainability as an integral part of corporate strategy, governance, and core operations, so that CSR programs systematically generate economic, social, and environmental benefits.

This section therefore introduces a Creating Shared Value (CSV) model specifically tailored to the Company's organizational structure, regulatory obligations, and the socio-economic and environmental characteristics of its mining areas. The model is constructed from empirical interview findings, a structured review of internal documents,

and alignment with established CSV strategic domains, ensuring that each design component is both theoretically grounded and operationally feasible. By embedding CSV principles into strategic alignment mechanisms, governance arrangements, performance indicators, and enabling systems, the model is expected to guide the redesign of CSR portfolios so that they contribute directly to long-term corporate competitiveness while simultaneously supporting resilient and inclusive socio-economic development in the Company's operational regions.

### ***Rationale and Objectives***

PT Bukit Asam (PTBA) needs to move from a predominantly philanthropic CSR approach toward a Creating Shared Value (CSV) approach so that sustainability initiatives are more directly connected to long-term business competitiveness. Thematic analysis shows that, although the company has articulated sustainability plans that are aligned with its transformation agenda, the selection of annual CSR programs is still largely driven by short-term community demands and compliance requirements. As a result, the potential of CSR to support operational stability, productivity improvements, and socio-economic transformation in PTBA's mining regions has not yet been fully realized.

On this basis, the development of a CSV model is intended to position sustainability as a business driver rather than merely a social obligation. The model is designed to address six key constraints identified in the gap analysis:

- 1) Weak linkage between annual program decisions and the company's long-term strategy;

- 2) The absence of formal governance and cross-functional coordination dedicated to CSV;
- 3) The dominance of stakeholder expectations and social licence considerations without a clear strategic filter;
- 4) The lack of mechanisms to deliberately design and measure business value created by programs;
- 5) The absence of supporting systems that embed CSV into planning and budgeting cycles; and
- 6) The short duration of many CSR programs, which makes it difficult to build cumulative socio-economic impact. Without improvements in these structural aspects, CSV is likely to remain a rhetorical ambition rather than an operational reality.

In light of these challenges, the main objective of the proposed CSV model is to transform sustainability implementation into a structured and institutionalized system that simultaneously enhances business performance and community well-being. More specifically, the model is designed to:

- 1) Integrate sustainability considerations into business strategy and decision-making processes;
- 2) Strengthen shared accountability across organizational units for planning, implementing, and monitoring CSV performance; and
- 3) Secure long-term socio-economic value creation in PTBA's operational areas through sustained partnerships and local capacity development. In this way, the CSV model is positioned not as a loose collection of social projects, but as a holistic business solution that enables mutual growth for the company and its key stakeholders.

### ***CSV Proposed Model for PTBA***

The proposed CSV model for PT Bukit Asam is designed as an integrated framework that links a set of core internal components with the three strategic domains of Creating Shared Value introduced by Porter and Kramer. Rather than treating these domains as abstract concepts, the model shows how PTBA's sustainability function, governance, stakeholder focus, performance logic, and supporting systems work together to generate and manage CSV initiatives along the three pathways, providing a clear line of sight from corporate strategy and stakeholder expectations through to program design, implementation, and long-term scaling of shared-value impact

### ***CSV–Strategy Alignment Mechanism***

This component ensures that every CSV initiative is derived from, and in turn reinforces, PTBA's strategic direction, including business transformation, operational continuity, and business diversification. The alignment mechanism functions as a “strategic filter” that connects external context analysis, corporate priorities (for example, as articulated in long-term corporate plans and energy-transition roadmaps), and social risk profiles with the selection and design of CSV programs. Without such a mechanism, initiatives tend to be ad hoc and their contribution to the company's competitive advantage is difficult to demonstrate.

### ***CSV Governance***

CSV Governance refers to the organizational structures, mandates, roles, and decision-making processes that determine how CSV is managed within the company. This component encompasses the clarity of the sustainability function's role, the

involvement of business units, reporting lines, and cross-functional coordination mechanisms. Strong governance is critical to prevent CSV from remaining only at the level of discourse and to ensure that it is institutionalized through formal authority, accountability, and procedures that shape program planning and implementation at PTBA.

### ***Social License & Stakeholder Prioritization***

This component defines how PTBA systematically identifies, maps, and prioritizes stakeholders by considering their level of influence, dependency, and potential social risk. It includes mechanisms to understand the expectations of government, local communities, employees, suppliers, and other relevant actors, and to integrate those expectations into CSV design. This approach ensures that the need to maintain a social license to operate is no longer addressed only through short-term responses, but through interventions that are aligned with the company's strategic interests.

### ***CSV Performance & Indicators***

This component focuses on how PTBA defines, measures, and reports CSV performance using indicators that capture both business value and social-environmental value. It includes the setting of objectives, key performance indicators (KPIs), and monitoring and evaluation frameworks that can trace the linkages between activities, outputs, outcomes, and impacts. Without this dimension, CSV's contribution to productivity, risk reduction, or reputation enhancement remains largely narrative and cannot be robustly used as a basis for managerial decision-making.

### ***CSV Enabling Systems***

CSV Enabling Systems encompass the systems, procedures, and resources that make CSV implementation operational, such as planning and budgeting processes, technical guidelines, human capital capabilities, and integration into performance management systems. This component bridges policy and practice on the ground; for example, how program proposals are assessed, how budgets are allocated, and how CSV is synchronized with the company's planning cycle. In the absence of enabling systems, CSV risks becoming a collection of isolated initiatives driven by individuals, with limited consistency across units and over time.

### ***CSV Sustainability & Scaling Pathway***

This component explains how CSV initiatives are sustained over time and, where relevant, scaled up from pilot projects into larger programs with more significant impact. The pathway includes a clear exit or transition logic for the company's role, strategies to strengthen the capacity of local partners, and mechanisms for replication in other locations or comparable contexts. With a well-defined sustainability and scaling pathway, CSV does not stop at short-term achievements but instead builds a more robust basis for competitive advantage and socio-economic resilience around PTBA's areas of operation.

Through this framework, the six components are then translated to support the implementation of the three core Creating Shared Value strategies proposed by Porter and Kramer, namely reconceiving products and markets, redefining productivity in the value chain, and enabling local cluster development. Governance, strategic alignment, and stakeholder perspectives

ensure that initiatives developed along these three pathways originate from PTBA's business priorities and the most material social needs, while the value-creation logic and enabling systems provide guidance on how initiatives are designed, budgeted, and evaluated for their contribution to both corporate performance and community outcomes.

### ***CSV Proposed Model***

The proposed CSV model for PT Bukit Asam is designed as a strategy-to-impact system that connects the company's strategic direction, sustainability governance, and stakeholder priorities with concrete shared-value initiatives. The model responds to the six structural weaknesses identified in the current CSR approach by repositioning sustainability not as a collection of stand-alone programs, but as an integrated engine that systematically generates initiatives which deliver both business value and socio-environmental benefits in PTBA's operating regions. In line with this purpose, the model organizes PTBA's CSV architecture into three core pathways; reconceiving products and markets, redefining productivity in the value chain, and enabling local cluster development underpinned by six mutually reinforcing components that together form the CSV engine.

### ***Expected Outcomes & Value Creation Mechanism***

The proposed CSV model specifies how initiatives generated by the CSV engine and organised within the three pathways are expected to deliver measurable business benefits while simultaneously improving socio-economic and environmental conditions in PTBA's operating areas.

Each initiative is linked to a dual set of performance indicators business and social-environmental so that value creation can be evidenced rather than assumed. From a business perspective, the pathways are intended to enhance productivity and efficiency, reduce social and regulatory risk, and strengthen market positioning; from a societal perspective, they aim to increase local incomes and employment, build MSME and supplier capabilities, expand access to education and skills, and improve environmental management around mining sites. By requiring every initiative to demonstrate its contribution to both sets of indicators and to pass through the six CSV components strategic alignment, governance, stakeholder and social-licence relevance, performance logic, enabling systems, and sustainability and scaling the model turns CSR activities into a coherent shared-value portfolio whose business and societal returns can be systematically monitored and used to guide future strategic decisions.

To make the expected outcomes of the model more tangible, the study translates the three CSV cores and six engine components into a set of strategic CSV initiatives that combine business and social value propositions, as summarised in the

### ***Prioritization of CSV Initiatives Using AHP***

Implementing Creating Shared Value (CSV) requires a structured decision-making mechanism to ensure that strategic initiatives are selected not merely on philanthropic grounds, but through deliberate alignment between business value and socio-environmental value. To address this need, the Analytic Hierarchy Process (AHP) is applied as a multi-criteria

decision-making method to derive priority weights among CSV initiatives in a transparent and logical way. The hierarchical model adopted in this study is organized into a tabular format,

which outlines the levels, criteria, sub-criteria, and alternatives in a structured manner, as presented in the following table.

**Table 1. Hierarchical Structure of the Analytical Hierarchy Process (AHP)**

<b>Goal :</b>
To prioritize CSV initiatives that generate the greatest shared value for PTBA in terms of both business value and societal benefit.
<b>Criteria</b>
1. Reconceiving Products & Markets
2. Redefining Productivity in the Value Chain
3. Local Cluster Development
<b>Sub - Criteria</b>
1. Strategy Alignment Mechanism
2. CSV Governance
3. Social License & Stakeholder Prioritization
4. CSV Performance & Indicators
5. CSV Enabling Systems
6. Sustainability & Scaling Pathway
<b>Alternative</b>
1. Shared Market Access for Local High-Value Commodities
2. Energy Transition Workforce Services Model
3. Social-Impact Co-Branding & Low-Carbon Product Positioning Partnership
4. Regenerative Agri-Livelihoods with Market Partnership Guarantee
5. Reclamation-Based Green Tourism & Edu-Tourism Development
6. Critical Vendor Localization Strategy
7. Community-Driven Operational Supply Substitution
8. Local Reliability Workforce & Community Asset Maintenance Services
9. Community-Based Risk Prevention for Operational Continuity
10. Circular Resource Recovery Enterprise
Alternative
11. Regional Food & Logistics Security Cluster
12. Community Renewable Energy Cooperative
13. Local Mining and Energy Skills Academy
14. Local Enterprise Technology Development
15. Local Supplier & MSME Financing Facility

Before proceeding to the prioritization process, the hierarchical structure of the Analytical Hierarchy

Process (AHP) that has been developed in this study must be entered into an AHP calculation platform to generate

weighted priorities objectively. To ensure accuracy and consistency of computation, this research employs the AHP Online System (AHP-OS), a widely used web-based tool for multi-criteria decision making. This platform enables users to construct a hierarchical decision model, input pairwise comparison values, and automatically obtain priority weights along with the consistency ratio.

The use of AHP-OS in this research aims to transform the hierarchical framework consisting of the goal (prioritization of CSV initiatives), three criteria (Core CSV domains), six sub-criteria (CSV components), and eighteen alternatives (strategic CSV initiatives) into quantifiable priority values. By utilizing this system, the weighting process becomes systematic, transparent, and reproducible, while minimizing computational bias that may occur in manual calculations.

## CONCLUSION

In conclusion, PT Bukit Asam Tbk (PTBA) faces a pivotal moment in aligning its corporate social responsibility with long-term business sustainability amidst industry transitions and increasing stakeholder expectations. Traditional philanthropic CSR approaches have proven insufficient to address the structural socio-economic challenges in PTBA's operational regions, where communities remain heavily dependent on the company for employment, income, and essential services. The thematic analysis highlights that CSR programs need stronger strategic alignment, governance structures, and mechanisms to measure both business and societal impact. Without these structural improvements, CSR risks remaining fragmented and unable to contribute meaningfully to PTBA's

competitiveness or the resilience of the communities it serves.

The proposed Creating Shared Value (CSV) model provides a structured, strategic framework to integrate sustainability into PTBA's core operations. By connecting business priorities, governance, stakeholder engagement, performance metrics, enabling systems, and long-term scaling pathways, the model transforms CSR into a portfolio of initiatives that simultaneously generate business and socio-environmental value. Prioritization through the Analytic Hierarchy Process ensures that initiatives with the greatest shared value are implemented, enhancing operational stability, community well-being, and long-term corporate resilience. Ultimately, adopting a CSV approach positions PTBA to navigate energy transition challenges while fostering inclusive and sustainable growth in its surrounding regions.

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