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# Navigating the CSR Paradox in Extractive Industries: A Multivariate Study on CSR Performance and Social Acceptance of Local Communities

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Extractive industry operations often face social challenges, particularly in gaining acceptance from local communities. One common strategy employed by company to secure Social License to Operate (SLO) is through implementation of Corporate Social Responsibility (CSR) programs, which typically take the form of either charity-based initiatives or empowerment-oriented interventions. CSR programs that are responsive to the needs and expectations of the community have the potential to foster harmonious relationships between companies and local stakeholders. In contrast, low levels of social acceptance may escalate into community resistance and conflict. Building on this context, the present study aims to examine the differential relationship between CSR performance and social acceptance, based on the distinct characteristics of charity-based and empowerment-oriented CSR programs. This study highlights a paradox in the objectives of CSR practices within extractive industries: the pressure to secure short-term social support through charitable programs often stands in contrast to the long-term commitment to sustainable development through community empowerment initiatives. Data were collected through a structured survey involving 449 respondents residing in proximity to geothermal operations in West Java, Indonesia, utilizing a stratified sampling method. The findings indicate that CSR performance has a moderately strong influence on social acceptance. Moreover, multivariate analysis reveals that CSR performance significantly affects social acceptance, with charity-based programs exerting a stronger influence than empowerment-based ones. This disparity is largely attributed to the characteristics of the local community, which tend to be pragmatic, possess limited formal education, and prioritize immediate tangible benefits.

**Keywords:** CSR Performance, Social Acceptance, Local Community, Charity Programs, Empowerment Programs.

Corporate Social Responsibility (CSR) plays a strategic role for extractive companies—such as those in the oil and gas, mining, and geothermal sectors—in building constructive relationships with surrounding communities. In recent years, local communities have become increasingly critical and assertive in voicing, especially concerning the negative impacts of corporate operations. These communities may exert pressure through protests and blockades, which can disrupt company operations (Prayogo, 2013). The emergence of a 'sense of localism' has further reinforced a collective awareness among local communities in asserting their rights to benefit from the exploitation of natural resources in their immediate settlements (Calvano, 2007; Owen, 2013). CSR is therefore expected to contribute meaningfully to enhancing the socio-economic welfare of local communities, supporting sustainable development, and mitigating social impacts associated with corporate activity (Dustin, 2011; Andreea, 2015). However, when such expectations remain unmet, the social relationship between the company and local communities may shift, often resulting in strained relations, reduced trust, and heightened potential for conflict.

Social relations between extractive companies and communities can be manifest in both positive and negative forms. Perceptions of injustice, limited positive outcomes, and poor management of negative impacts from company operations can lead to conflictual relationships. These conflicts may manifest as community protests and blockades, disrupt company operations, increasing security-related expenditures, and negatively affect stock valuations (Davis & Frank, 2011). Given the geographically fixed nature of natural resource extraction, companies must adopt effective social

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strategies—particularly through CSR programs—to secure social acceptance and the Social License to Operate (SLO) from local communities (Kemp & Owen, 2013). While conflict is a potential outcome, the implementation of effective social strategies can foster positive relationships between companies and local communities

There are four key concepts commonly used to explain the development of positive social relations between companies and local communities: social legitimacy, Social License to Operate (SLO), social integration, and social acceptance. Social legitimacy reflects stakeholders' recognition that the company adheres to the prevailing social contract and distributes benefits fairly (Riabova, 2019; Nyembo & Lees, 2020). SLO refers to the specific approval granted by local stakeholders—such as local community and local authorities—toward company decisions and operational projects (Boutilier & Leeder, 2012; Zhang, 2015). Social integration represents the merging of two societal elements (Prayogo, 2011) due to value alignment and responsive actions toward community needs. Finally, social acceptance refers to the community's recognition, positive perception, and trust that corporate operations bring tangible benefits and meet local community expectations (Wilburn & Wilburn, 2011). Positive social acceptance results in benefits such as increased local employment, the creation of new economic opportunities, and more effective CSR initiatives implementation (Prayogo, 2013). Social acceptance is considered an optimal or ideal condition for companies and is shaped by various corporate strategies: enhancing CSR's economic impact, ensuring fair two-way communication, providing compensation for adverse impacts, and prioritizing principles of fairness and justice (Moffat & Zhang, 2013; Parsons, 2014). To achieve social acceptance, companies must develop CSR programs that reflect socio-economic realities of the local context and align with corporate strategic objectives.

The development of social acceptance through CSR depends on how well CSR programs align with the actual needs of local communities. CSR programs that are rigid, top-down, or unresponsive may lead to increased social distance between companies and local communities (Davis & Frank, 2011). Effective CSR should involve community participation, prioritize long-term goals, maintain transparent two-way communication, and include fair evaluation and feedback mechanisms. Unfortunately, the implementation of such participatory and adaptive approaches often encounters tension with standardized CSR frameworks derived from national regulations or global reporting guidelines.

In practice, discrepancies frequently arise between normative CSR—guided by standards such as the UN Global Compact, ISO 26000, or corporate policies—and the expectations of local communities. Several studies have shown that top-down, universal principle-based approaches often fail to address local contextual needs. This divergence gives rise to a legitimacy gap, wherein companies perceive their CSR initiatives as contributing to sustainable development, while local communities regard these efforts as largely symbolic or compensatory (Muthuri, Moon, & Idemudia, 2012; Idemudia, 2011). The divergence in perceptions underscores differing conceptions of value: corporations often prioritize compliance with global indicators, whereas communities emphasize relevance, immediacy, and direct benefits. This misalignment generates a paradox in the implementation of charity versus empowerment-based CSR programs in extractive industries.

Research has shown that charity-based programs are frequently utilized by company to gain short-term social legitimacy (symbolic CSR), whereas empowerment programs demand long-term commitments and community participation (Gilberthorpe & Banks, 2012; Idemudia, 2009; Frynas, 2005). While charity programs tend to generate immediate positive responses—particularly among communities with pragmatic orientations and lower levels of formal education, owing to their direct and tangible benefits (Eweje, 2006) —empowerment programs are generally regarded as more effective in fostering local capacity, enhancing livelihoods, and promoting long-term well-being (Muthuri et al., 2012). Despite this, limited studies have directly compared the influence of CSR performance on social acceptance, particularly through multivariate analysis of charity versus empowerment programs in the context of geothermal extractive companies in Indonesia.

This study focuses on the implementation of CSR and its relationship with community social acceptance in the geothermal company operating in West Java, Indonesia. The company has undertaken a range of CSR initiatives intended to enhance community quality of life in the focus areas including economy, education, health, infrastructure, and the environment.

The primary objective of this research is to analyze the influence of CSR performance on local community acceptance. The novelty of the study lies in its multivariate analysis of how the relationship between CSR performance and social acceptance varies across different program characteristics, namely charity and empowerment-based programs. The underlying argument is that the strength of the correlation between CSR performance and social acceptance differs depending on program type. While some literature often posits that empowerment-based programs foster stronger social acceptance due to their emphasis on long-term capacity building and quality-of-life improvements, this study empirically tests the validity of that assumption. To support this argument, the study addresses three main research questions: (1) Which CSR program domain—economic, health, education, or environmental—has the greatest impact on social acceptance? (2) Which dimensions of CSR performance most strongly influence social acceptance? (3) How does the strength of the relationship between CSR performance and social acceptance vary between charity-based and empowerment-oriented CSR programs?

## Literature Review

The literature review in this study is organized into three main clusters: (1) motives for CSR implementation, (2) the relationship between CSR and social acceptance in the extractive industry, and (3) CSR program typologies. This classification aims to systematically identify the research gap that forms the core focus of this study.

The review begins by examining the underlying motives for the implementation of CSR, which classically mapped into two dominant theoretical frameworks: business ethics and stakeholder theory (Garriga & Melé, 2004; Secchi, 2007). From the business ethics perspective (Lee, 2008), CSR is conceptualized as a moral obligation whereby corporations contribute to the establishment of good society. In this framework, CSR is expected to enhance the socio-economic well-being of surrounding communities. The three main concepts associated with this view are Universal Rights, Social Justice, and Sustainable Development. In contrast, stakeholder theory views CSR as a strategic instrument for managing relationships between corporations and their stakeholders—those groups or individuals who are directly or indirectly affected by corporate operations (Freeman & Phillips, 2002; Elkington, 1997). Under this paradigm, CSR serves not only as a form of social concern but also as a mechanism to secure stakeholder support and ensure company operational continuity. Three key concepts from this perspective are Social Acceptance, Social License to Operate (SLO), and Social Legitimation. Consequently, the rationale behind CSR implementation may vary across companies, depending on whether the emphasis is placed on fulfilling ethical obligations or achieving strategic legitimacy.

Transitioning to the practical domain, the second group of literature explores the relationship between CSR and social acceptance in the extractive industry and is categorized into two perspectives: managerial and socio contextual. The managerial perspective discusses various CSR initiatives and corporate efforts to obtain a SLO (Barrena 2016; Arno, 2019). This approach underscores that the effectiveness of CSR performance and governance of socio-environmental issues are central to gaining social acceptance (Kemp & Owen, 2013; Lamb et al., 2017). Central to this framework are four key operational elements: two-way communication, grievance mechanisms, local employment absorption, and optimization of environmental impact management. Enhancing these four aspects helps foster trust and social acceptance among local communities. Boutilier (2014) asserts that responsive community relations management is a prerequisite for achieving social acceptance.

In contrast, the socio-contextual perspective argues that social acceptance is not solely determined by internal CSR performance (Harvey, 2016; Omar, 2018; Nyembo & Lees, 2020), but is shaped by various complex external factors—often more influential than corporate initiatives themselves (Wilburn & Wilburn, 2011; Boutilier & Black, 2012). These factors encompass the community characteristics, institutional structures, local leadership, government policies, social media dynamics, and civil society movements. As Moffat and Zhang (2013) and Lacey and Lamont (2015) argue, understanding the emergence of social acceptance—particularly in the context of mining and other extractive operations—requires a holistic analytical approach that considers these interrelated dimensions. This literature underscores the importance of companies' capacity to respond to social contexts, rather than focusing solely on internal performance.

The third literature group categorizes CSR program into two typologies: charity-based and empowerment-based initiatives. Charity-based CSR programs—such as donations, provision of basic needs, and infrastructure development—are frequently favored by companies due to their immediate, tangible, and easily communicable benefits, particularly in communities characterized by pragmatism and limited access to education (Eweje, 2006). These programs are often deployed as reactive strategies to mitigate conflict and serve as "firefighting tools" in times of social tension. In the case of Niger Delta, for instance, charity-based interventions like donations enhanced social acceptance among local communities; however, such benefits were largely symbolic and failed to address the structural roots of social inequality, thus widening the legitimacy gap between corporate image and community experience (Frynas, 2005; Idemudia, 2009). As a result, dependency emerged, and community support diminished once aid ceased.

In contrast, empowerment programs—including entrepreneurship training, local institutional strengthening, and participatory decision-making— are recognized for offering more sustainable forms of social legitimacy and acceptance. A study in Kenya showed that CSR programs that actively involve local communities across all stages of the program cycle—from planning to evaluation—can enhance local capacities and contribute to the establishment of a long-term SLO (Muthuri, Moon & Idemudia, 2012). Similar findings from Papua New Guinea and Indonesia confirm that empowerment-based programs foster a sense of shared ownership and mitigates structural conflict that charity programs fail to address (Gilberthorpe & Banks, 2012). However, such initiatives typically require more substantial investments of time, resources, and institutional commitment, leading companies into a paradox: whether to pursue short-term legitimacy through easily implemented charity programs or to invest in long-term, transformative empowerment efforts aligned with national policies and international CSR frameworks such as ISO 26000 and the UN Sustainable Development Goals.

This body of literature underscores the pivotal role of CSR in shaping social acceptance by addressing social expectations and aligning with the local community's needs (Kemp & Owen, 2013; Prayogo, 2013; Lacey & Lamont, 2013). Nonetheless, few studies explicitly compare the strength of the relationship between CSR performance and social acceptance based on program characteristics (charity-based versus empowerment-based initiatives), particularly within the context of Indonesia's geothermal industry. This research gap is significant, as charity-based CSR programs, while effective in securing short-term symbolic legitimacy, may ultimately undermine the long-term sustainability goals. In contrast, empowerment-oriented programs are more closely aligned with sustainability principles but may fall short in generating immediate community support often emphasized in stakeholder-driven CSR strategies.

Accordingly, this study examines whether the characteristics of CSR programs function as moderating variables in the influence of CSR performance on social acceptance. Theoretically, the research seeks to bridge two dominant paradigms in CSR scholarship: business ethics approach—which promotes the creation of a good society (Andreea, 2015; Crisan & Borza, 2015)—with the stakeholder perspective, which views CSR as strategic mechanism to gain support and legitimacy from key stakeholders. In doing so, this study aims to explore how extractive companies can reconcile the pursuit of short-term legitimacy—often achieved through charity-based CSR—with the long-term objectives of sustainable development typically embodied in empowerment-oriented initiatives.

### Theoretical framework

This study employs three key concepts—social acceptance, CSR performance, and program characteristics—to examine whether program characteristics moderate the influence of CSR performance on social acceptance.

### Social Acceptance

Social acceptance refers to the specific approval of corporate decisions and projects by local stakeholders, including certain community members and local authorities (Myllylä, 2014). Prayogo (2013) conceptualizes corporate–stakeholder social relations as existing along a continuum, ranging from social conflict, social resistance, and social acceptance to more favorable positions such as social support and community-based security. A company's position along this spectrum reflects the overall quality of its relationship with the surrounding community. Positive engagement is typically associated with acceptance to community-based security range, while negative relations manifest as social conflict to social resistance (Hilson, 2012; Hindmars & Alidoust, 2019).

This study conceptualizes social acceptance as the condition in which an extractive company obtains social approval from local communities in its operational areas. Such acceptance is achieved when the company is perceived to provide tangible benefits, responsibly manage adverse impacts, and engage with the community through fair and participatory practices (Parsons et al., 2014). Low levels of social acceptance occur when the company secures a social license to operate and is not actively opposed by the community, yet lacks broader community support. In contrast, high levels of social acceptance—referred to as social legitimacy—are characterized by community recognition, active support, and protective behavior, reflecting the company's alignment with local expectations (Prno & Slocombe, 2012). Within this framework, the SLO represents a minimum level of acceptance, while social legitimacy denotes its most advanced and favorable form (Breakey et al., 2025). The findings of Seloa and Ngole-Jeme (2022) are noteworthy, particularly regarding the factors that underpin social acceptance among local communities. Their study revealed that the scale of mining operations (i.e., small versus large) is not a decisive factor in shaping local residents' perceptions of the impacts of small-scale mining. Instead, the research emphasizes the paramount importance of the socio-economic context and historical legacy in determining the degree of social acceptance for these projects.

The following indicators reflect the level of social acceptance of extractive companies by local communities:

1. The intensity of positive interaction between the company and the community;
2. The presence of two-way communication and expressions of support;
3. Mutual trust in the good intention between the company and community;
4. Willingness and regularity in collaborative engagement;
5. Positive perceptions and attitudes toward the company's behavior;
6. Active interest and voluntary participation of community in company programs.

**Table 1**

*Operationalization of Social Acceptance*

| Variable | Dimension/Indicators | Category | Scale |
|---|---|---|---|
| **Social Acceptance** | **Interaction / Communication**<br>• Frequency and intensity of interactions with company employees, including community liaison officers and general staff.<br>• Perceptions and attitudes toward the company's commitment and seriousness in engaging with the community.<br>**Social Support & Cooperation**<br>• The extent to which stakeholders are involved in the company's social governance processes.<br>• Frequency and intensity of cooperative support provided to the company.<br>• Willingness of the community to continue engaging in collaborative activities with the company.<br>**Social-Based Security**<br>• The level of trust the community places in the company.<br>• Willingness of community members to help protect the company from potential disruptions or threats. | • Absolute (option 1)<br>• Semantic Differential (1 = lowest, 10 = highest) | Interval |

**CSR Performance**

Robust CSR performance is widely recognized as a critical factor in demonstrating a company's commitment to stakeholder value and plays a pivotal role in fostering social acceptance among local communities (Boutilier & Thomson, 2011). In this context, CSR is viewed as a corporate strategy aimed to enhance social acceptance by delivering meaningful contributions to, and generating tangible benefits for, local stakeholders. The stronger the company's CSR performance and the more positively it is perceived by the local community in terms of tangible benefits, the greater the likelihood that the company will attain a higher level of social acceptance.

Various dimensions are commonly used to assess the performance or success of CSR program implementation. To evaluate CSR performance in this study, several relevant dimensions are adopted from Prayogo and Hilarius (2012), including:

a) **Relevance** – the degree to which CSR programs align with the needs and capabilities of the local community.
b) **Participation** – the extent of community involvement in both the planning and implementation stages of CSR programs.
c) **Impact** – the direct and indirect, tangible and intangible effects of the CSR program on stakeholders, including improvements in community conditions, fulfillment of basic needs, access to public services, and enhancement of local potential.
d) **Sustainability** – the ability of CSR programs to continue without corporate assistance, indicating the community's independence and capacity to manage the program using its own resources and capabilities.

The geothermal company examined in this study implements five categories of CSR programs: (1) economic development, (2) health services, (3) education, (4) infrastructure, and (5) environmental protection. The more positively the local community perceives the relevance of CSR programs to their needs, the more engaged and acknowledged they feel during implementation. When the perceived impact of these programs is broad and meaningful, and the potential for long-term sustainability is evident, the level of social acceptance toward the company is likely to increase significantly.

**Table 2**
*Operationalization of CSR Performance*

| Variable | Dimension/Indicators | Category | Scale |
|---|---|---|---|
| **CSR Performance** | **Relevance**<br>• Alignment of the program with community needs<br>• Alignment of the program with community capabilities<br>• Alignment of the program with the problems faced by the community<br>**Participation**<br>• Community participation in program planning<br>• Community participation in program implementation<br>• Community participation in program monitoring and evaluation stages<br>**Impact**<br>• Program effectiveness in improving the condition of beneficiaries<br>• Program effectiveness in enhancing beneficiaries' access to meet other needs<br>• Program effectiveness in leveraging local potential<br>• Improvement of individual or organizational knowledge and skills<br>**Sustainability**<br>• Community's ability to continue the program without company assistance<br>• Community's independence in expanding the program without company assistance | • Absolute (option 1)<br>• Semantic Differential (1 = lowest, 10 = highest) | Interval |

**CSR Program Characteristics**

CSR programs are typically categorized into two primary types: **charity-based** and **empowerment-based**. Charity-based programs refer to direct assistance to local communities. These programs are generally short-term and are not designed to enhance the sustained capacity of beneficiaries. Their principal objective is to respond to urgent or basic needs through activities such as donations, cash disbursements, distribution of goods (e.g., disaster relief supplies), festive contributions, free healthcare services, educational scholarships, support for orphans and economically disadvantaged families, construction of religious infrastructure, and the provision of school-related materials.

In contrast, **empowerment-based programs** are structured to enhance local communities' quality of life, promote active and participatory citizenship, and improve community welfare (Pimentel, 2016). These programs aim to strengthen the potential and capabilities of beneficiary communities in order to reduce their dependence on the company. Empowerment programs adopt a participatory and collaborative approach, actively involving community members in the planning, implementation, and evaluation stages. Activities under this model include skills training, business development mentoring, and support for MSME (Micro, Small, and Medium Enterprises) empowerment.

The indicators for CSR program characteristics are developed based on the types of activities carried out under each program category. The following table presents the operationalization of this concept:

**Table 3**
*Operationalization of CSR Program Characteristic*

| Variable | Dimension/Indicators | Category | Scale |
|---|---|---|---|
| **CSR Program Characteristic** | **Charity**<br>• Provision of direct assistance (donations, cash or in-kind grants)<br>• Oriented toward meeting basic needs or addressing short-term issues<br>**Empowerment**<br>• Focused on developing the potential and capabilities of beneficiaries<br>• Involves participatory and collaborative approaches<br>• Aims to increase self-reliance and independence among program recipients | 1. Charity<br>2. Empowerment | Nominal |

## Method

This study employs a **quantitative method** with an **explanatory objective**, aiming to explain the correlation between variables. Data collection was conducted through a structured survey method, employing a standardized questionnaire administered to selected respondents (Neuman, 2007).

The target population consists of families who are beneficiaries of CSR programs in six villages located within the **ring 1 area** (villages directly affected by the company's operations) of a geothermal company in Pangalengan, West Java. These six villages collectively represent a total population of 21,025 households.

A stratified proportional sampling technique was used to ensure that the sample accurately reflected the population distribution across villages and CSR program characteristics. The sample size was determined using the Slovin formula with a 5% margin of error, resulting in a total of 449 respondents**.**

**Table 4.**
*Population & Sample*

| | VILLAGE | POPULATION | SAMPLE | CHARITY | EMPOWERMENT |
|---|---|---|---|---|---|
| 1 | Wanasuka | 1464 | 31 | 16 | 15 |
| 2 | Margamulya | 5141 | 110 | 55 | 55 |
| 3 | Banjarsari | 1821 | 39 | 20 | 19 |
| 4 | Pengalengan | 5696 | 122 | 61 | 61 |
| 5 | Margamukti | 4638 | 99 | 49 | 50 |
| 6 | Sukamanah | 2265 | 48 | 24 | 24 |
| | **TOTAL** | 21025 | 449 | 225 | 224 |

Each item in the questionnaire consisted of closed-ended questions using a semantic differential scale ranging from 1 to 10**,** treated as an interval scale**,** allowing the total score to be calculated for each dimension and for each program category. For the **CSR performance variable**, only programs that had been implemented continuously for a minimum of three years were included in the assessment. This criterion was applied to ensure the validity and reliability of measuring key dimensions such as **impact** and **sustainability**, which require sufficient time to be meaningfully evaluated.

Data processing was conducted by constructing a **CSR Performance Index** and a **Social Acceptance Index** using a composite index technique, in which respondent scores were aggregated across items.

The composite index was developed through the following steps:

1. Summing the scores of each question item to obtain a total score per indicator, then calculating the average score to derive the *Indicator Index Score*.
2. Aggregating the indicator index scores to calculate the total score for each dimension, and computing the average score to determine the *Dimension Index Score*.

3. Summing all dimension scores to generate a total score for each program, followed by calculating the average score to obtain the *Program Index Score*.
4. Summing the scores across all programs**,** with the average value used to represent the overall **CSR Performance Index** and **Social Acceptance Index**.

**Table 5**

*Index Score Category CSR Performance and Social Acceptance*

| Category of CSR Performance | Category of Social Acceptance | Score Range |
|---|---|---|
| Very Good | Highly Accepted | 8,1 – 10 |
| Good | Accepted | 6,1 – 8,0 |
| Fair | Moderately Accepted | 4,1 – 6,0 |
| Poor | Less Accepted | 2,1 – 4,0 |
| Very Poor | | 0,0 – 2,0 |

Data analysis in this study was conducted through three main types of analysis:

1. **Univariate Analysis**
   This analysis was used to examine data trends within each variable. It facilitated interpretation of index positions and was aligned with the CSR Performance reading standards developed by Pera et al. (2024).

2. **Bivariate Analysis**
   Bivariate analysis was employed to explore the correlation between CSR Performance and Social Acceptance**.**

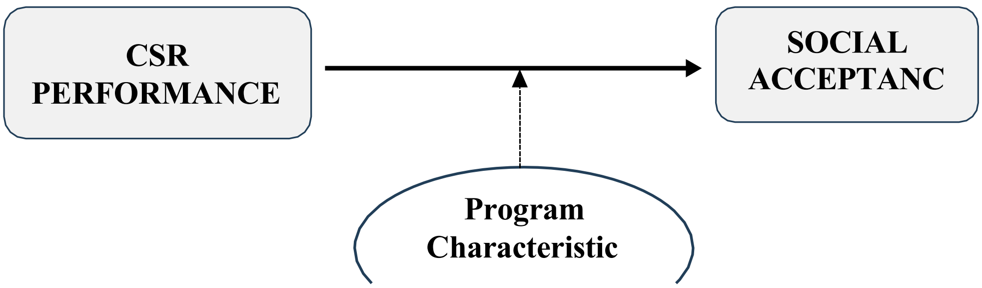
3. **Multivariate Analysis**
   This analysis aimed to explain the differences in the correlation between CSR Performance and Social Acceptance based on CSR program characteristics—charity and empowerment—as control variables.

The multivariate analysis was conducted using **regression analysis in SPSS**. The following regression model was applied in the data processing of this study:

$$SA = \alpha + \beta_1 CP + e1$$
$$PR = \alpha + \beta_1 CP + e1$$
$$SA = \alpha + \beta_1 CP + \beta_2 PR + e2$$

= CSR Performance
= Social Acceptance
= CSR Programs Characteristics
= Constant
$\beta_1$ = Regression Coefficient for CSR Performance
$\beta_2$ = Regression Coefficient for CSR Programs Characteristics
= Error

**4.1 Analytical Model & Hypothesis**



The independent variable in this study is CSR Performance, while the dependent variable is the company's Social Acceptance by the local community. The control variable is the program's characteristics. This research is guided by the two main hypotheses:

1. Higher levels of CSR performance are positively associated with higher levels of social acceptance by the local community. Conversely, lower CSR performance is associated with reduced levels of social acceptance.
2. The strength of the relationship between CSR performance and social acceptance differs significantly depending on whether the CSR program is characterized as charity-based or empowerment-based.

## Results and Discussion

### Social Acceptance Index

The level of social acceptance toward the geothermal company located in Bandung Regency, West Java, received an index score of 6.12, which falls under the category of "well accepted" by the surrounding local community. The company holds a relatively positive image in the eyes of the beneficiaries of its CSR programs. Among the three measured dimensions, the highest index score was found in the "Interaction & Communication" dimension (6.47), followed by "Social Support & Cooperation" (6.22), while the lowest score was recorded in the "Social-Based Security" dimension (6.06).

**Table 6**

*Social Acceptance Variable and Dimension Index Score*

| Variable & Dimension | Index (Mean Score) |
|---|---|
| SOCIAL ACCEPTANCE | 6,12 |
| Interaction & Communication | 6,47 |
| Social Support & Cooperations | 6,22 |
| Social Based Security | 6,06 |

The social acceptance index suggests that the intensity of interaction and communication between the company and local communities in the affected villages is relatively well established. However, aspects such a cooperation, social support, and the community's proactive role in safeguarding the company from external threats remain suboptimal. The local community's acceptance of the company is largely built upon the quality of interaction and collaboration between the two parties (Nyembo & Lees, 2020). The geothermal company is perceived by local stakeholders as a responsive and approachable actor in its community engagement efforts, a perception that contributes positively to its overall social acceptance. Positive interaction and communication have fostered favorable perceptions among local community, such as: (1) "the company demonstrates a genuine willingness to collaborate and listen to community aspirations," and (2) "the company is committed to implementing well-structured and diverse CSR programs."

**Table 7**

*Social Acceptance Dimension and Indicators Index Score*

| Dimension & Indicators | Index (Mean Score) |
|---|---|
| **Interaction & Communication** | 6,47 |
| Frequency/intensity of interactions with employees, social personnel, and company staff in general | 6,62 |
| Perceptions and attitudes toward the company's seriousness and commitment | 6,32 |
| **Social Support & Cooperations** | 6,22 |
| Tendency to involve stakeholders in the governance of the company's social aspects | 6,32 |
| Frequency/intensity of collaborative support | 6,18 |
| Willingness to continue cooperation with the company | 6,16 |
| **Social Based Security** | 6,06 |
| Level of trust in the company | 6,21 |
| Willingness to protect the company from external disruptions | 5,90 |

The social acceptance index scores across various indicators reveal several important patterns: 1) The intensity of interaction and communication indicators is higher than the score for positive attitudes and perceptions indicators. This disparity suggests that although engagement is frequent, it has not yet succeeded in fostering deep trust or a consistently positive image of the company. 2) Community involvement in certain aspects of social governance—such as Environmental Impact Assessment (AMDAL) discussions and grievance mechanisms—received higher scores compared to the intensity of direct collaboration between the company and the community. This indicates that collaboration, particularly in the economic domain, has not yet been evenly distributed across all levels of the local community and remains concentrated among village elites. 3) Trust among community members toward the company is beginning to emerge; however, it has not yet translated into a strong sense of belonging or a willingness to defend the company from external threats. Accordingly, the company has achieved a level of social acceptance corresponding to the third tier in the social relationship index (Prayogo, 2013). The social relations established so far can be categorized as relatively positive, providing mutual benefits and gradually involving local communities in various forms of collaboration (Hilson, 2012; Hindmarsh & Alidoust, 2019; Parsons et al., 2014).


**Figure 2.** Position of the Social Relationship Index between the Geothermal Company and the Local Community

### CSR Performance

The local community's satisfaction with the CSR performance of the geothermal company received an index score of 7.01, which is categorized as "Good." This relatively high score indicates that, in general, the company's CSR programs have been well implemented and their impact has been felt by the communities surrounding the company (Arno et al., 2019).

**Table 8**

*CSR Performance Variable and Dimension Index Score*

| Variabel & Dimension | Index (Mean Score) |
|---|---|
| CSR PERFORMANCE | 7,01 |
| Relevance | 8,11 |
| Participation | 6,32 |
| Impact | 7,93 |
| Sustainability | 5,68 |

The highest CSR Performance index score was observed in the **relevance dimension** (8.11), followed closely by the **impact dimension** (7.93). Both scores are above the overall average CSR Performance index average of 7.01, indicating that the company's CSR programs are well-aligned with the actual problems and needs of the local community. Programs receiving recognition include: (a) educational scholarship assistance, (b) support for agricultural enterprises, and (c) health-related initiatives such as free medical treatment. The high score of the impact dimension (7.93) reflects that the CSR programs have contributed to improving access to secondary and higher education for local youth, enhancing the technical capacity of dairy entrepreneurs in milk processing, improving local health conditions, and supporting the economic well-being of the community.

Conversely, the **participation dimension** (6.32) and the **sustainability dimension** (5.68) received index scores below the average of CSR Performance score (7.01), indicating that these two aspects remain significant challenges in the implementation of CSR programs. The relatively low participation score reflects the limited involvement of local communities during the program planning phase, which is often attributed to the predominantly top-down design of charity-oriented initiatives such as scholarship schemes and micro-loan programs. The **sustainability dimension**, which obtained the lowest index score among all dimensions, highlights the ongoing dependency of community groups on the company as the principal driver of program implementation. For instance, n economic empowerment initiatives, local enterprises continue to rely on corporate assistance to access broader marketing networks. This underscores a critical issue in promoting community self-sufficiency and the long-term sustainability of CSR-driven interventions.

**Table 9**
*CSR Performance by Program Index Score*

| CSR Performance by Program | Index (Mean Score) |
|---|---|
| Economic Program | 6,45 |
| Education Program | 7,32 |
| Health Program | 7,86 |
| Infrastructure | 8,17 |
| Environmental | 5,27 |

Based on the type of CSR program, **infrastructure initiatives** received the highest CSR performance index score (8.17), followed by **promotive health programs** (7.86) and **education-related programs** such as literacy, teacher training, scholarships, and STEM training (7.32). These three types of programs are generally characterized as *charity-based*, involving donations, direct assistance, and short-term solutions to meet the immediate needs of the local community. The scholarship program, for instance, was perceived as highly beneficial, as it provided access to higher education for academically outstanding students from underprivileged families.

In contrast, **economic empowerment programs** (6.45)—such as capacity-building for MSMEs in coffee, mushroom, and livestock sectors—and **environmental programs** (5.27)—including ecotourism initiatives, spring restoration, and forest conservation—received relatively lower index scores. These programs were perceived by the local community as lacking immediate, tangible outcomes and requiring long-term process to demonstrate their full impact. This presents a significant challenge in fostering public understanding and support for programs oriented toward sustainable development. As emphasized by Muthuri, Moon, and Idemudia (2012), empowerment-based programs demand intensive community participation and sustained engagement to achieve meaningful and lasting social transformation.

**Tabel 10**
*Crosstabel for CSR Performance Dimensions and CSR Performance by Programs*

| DIMENSION | PROGRAM | | | | |
|---|---|---|---|---|---|
| | Economic | Education | Health | Infrastructure | Environment |
| **Relevance** | 7,36 | 8,73 | 8,91 | 9,26 | 6,28 |
| **Participation** | 6,93 | 6,67 | 6,23 | 6,57 | 5,22 |
| **Impact** | 6,68 | 8,42 | 9,25 | 9,53 | 5,78 |
| **Sustainability** | 5,07 | 5,64 | 6,67 | 6,57 | 5,17 |

Several notable patterns emerge from the CSR Performance Index by Program and Dimension:

1. The **relevance** and **impact** dimensions consistently obtained the highest scores across all CSR program types, indicating that the programs are generally well-aligned with the local community's needs and potentials. Conversly, the **sustainability** and **participation** dimensions received the lowest scores in all program types, highlighting a significant gap in community involvement and long-term program continuity. The data suggest that program implementation remains predominantly top-down, with limited community consultation and information dissemination, often restricted to a small group of village elites. These findings align with Hindmarsh and Sara (2019), who emphasize that the long-term success of CSR programs is significantly influenced by the extent of community participation, transparency in communication, and the inclusiveness of empowerment processes.
2. **Infrastructure** and **health programs** scored highest across all CSR performance dimensions. This reflects the community's positive perception of charity-based initiatives that provide immediate benefits and address short-term needs. In contrast, **environmental** and **economic empowerment programs**, which are designed for long-term impact, recorded the lowest scores across all performance dimensions. These findings indicate a persistent challenge in the implementation of empowerment-oriented CSR initiatives, particularly in gaining broad community acceptance and active participation.
3. These patterns further indicate that the geothermal company's CSR programs remains predominantly oriented toward **charity-based programs** rather than empowerment-driven initiatives.

**Bivariate Analysis: CSR Of Extractive Industry For Social Acceptance**

**Relational CSR theory**, as an extension of stakeholder theory, emphasizes CSR's instrumental role in fostering and managing constructive relationships between corporations and their local social stakeholders, particularly communities directly affected by corporate operations (Boutilier, 2014). Building on this conceptual framework, the present study tests the hypothesis that **higher CSR performance is associated with greater social acceptance of the company by the local community**.

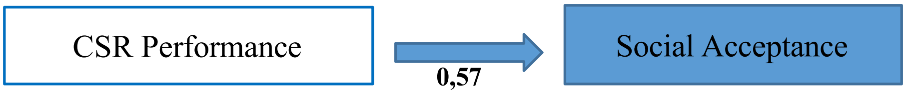



**Figure 3.** Correlation Between CSR Performance and Social Acceptance

The findings of this study empirically support the proposed hypothesis, as the regression analysis indicates a moderate[1] correlation (0.57) between CSR performance and the social acceptance index. This suggests that the local community's assessment of the CSR programs they receive significantly influences their level of social acceptance toward the presence of the geothermal company. The relationship between the two variables is positive, meaning that the better the CSR performance, the higher the level of social acceptance of the company by the surrounding local communities.

The moderate correlation score between CSR performance and social acceptance can be explained by several factors: (a) there is a prevailing perception among local residents that CSR program distribution is inequitable, with certain villages appearing to receive disproportionate benefits; (b) the community tends to believe that CSR initiatives predominantly target select groups—particularly influential local leaders who maintain close relationships with company personnel—thus excluding broader community participation; and (c) limited community engagement has led to constrained access to information regarding the design and implementation of CSR programs. Detailed information about CSR program implementation is often known only to specific individuals or organizations that collaborate directly with the company's CSR division. Consequently, social acceptance tends to be limited to particular individuals. These findings align with Nyembo and Lees (2020), who argue that social acceptance is shaped by two groups: vested groups, who hold direct interests or positions, and non-vested groups, who are not directly involved but nonetheless play a significant role in articulating the aspirations of the local community.

**Table 10**
*Model Summary*

| R | R Square | Adjusted R Square |
|---|---|---|
| 0,57 | 0,325 | 0,312 |

The results of the regression analysis indicate that the $R^2$ (R Square) value reflects the proportion of variance in the dependent variable—social acceptance—that can be explained by the independent variable, CSR performance. The $R^2$ value of 0.325 suggests that CSR performance accounts for 32.5% of the variability in social acceptance. Consequently, 67.5% of the variation in social acceptance is influenced by other factors not included in this study. This finding underscores that CSR performance, while influential, is not the sole determinant of community acceptance toward the company; other contextual and relational factors may exert equal or even greater influence in shaping social acceptance.

This condition is consistent with the findings of Moffat and Zhang (2013), who concluded that CSR programs contribute only 26% to the formation of social acceptance. Furthermore, the correlation between CSR performance and social acceptance within the context of short-term, charity-based CSR programs is categorized as moderate. This finding presents a critical challenge, as it exposes a contradiction between the predominantly charitable orientation of many CSR initiatives and the principles outlined in national policies and global CSR frameworks, which advocate for participatory, impactful, and sustainable empowerment-oriented programs.

[1] The categorization of the strength of relationships refers to Healy, Joseph F. (2013). *The Essentials of Statistics: A Tool for Social Research* (3rd ed.), Cengage Learning, Wadsworth, USA, p. 247, as well as Ott et al., (1992). *Statistics: A Tool for the Social Sciences* (5th ed.), Duxbury Press, Belmont, CA. According to these references, correlation coefficients are classified as follows: 0–0.20 (very weak), 0.21–0.40 (weak), 0.41–0.60 (moderate), 0.61–0.80 (strong), and 0.81–1.00 (very strong). A positive correlation (i.e., without a negative sign) indicates a direct relationship, meaning that as the value of the independent variable increases, the value of the dependent variable also increases. Conversely, a negative correlation signifies an inverse relationship—when the independent variable increases, the dependent variable decreases, and vice versa.

The relationship between CSR performance and social acceptance demonstrates that while CSR is indeed a relatively dominant factor, it must be integrated with other contributing elements. Literature reviews and findings from in-depth interviews indicate that: (a) the existence of two-way communication between the company and the community; (b) opportunities for local employment; (c) effective management of negative environmental impacts; and (d) responsive grievance mechanisms (Kemp & Owen, 2013), are four additional factors that significantly influence social acceptance beyond CSR performance alone.

**Table 11**
*Correlation Value of CSR Performance (by Dimension)*

| Dimension of Independent Variable | Dependent variable | Correlation | Analysis |
|---|---|---|---|
| **Relevance** | Social Acceptance | 0,65 | **Strong** |
| **Participation** | Social Acceptance | 0,48 | **Moderate** |
| **Impact** | Social Acceptance | 0,62 | **Strong** |
| **Sustainability** | Social Acceptance | 0,41 | **Moderate** |

Table 11 presents the correlation values between each dimension of CSR performance and the social acceptance of the local community. The *relevance* dimension shows the highest correlation with the Social Acceptance Index (0.65), followed by the *impact* dimension with a correlation value of 0.62. On the other hand, the *sustainability* dimension displays the lowest correlation with the Social Acceptance Index, at 0.41. These findings indicate that, from the perspective of CSR program beneficiaries, the dimensions of relevance (with local community needs) and impact (tangible benefit delivered) are perceived as more influential factors in assessing the company's goodwill and commitment. These two dimensions thus contribute more prominent role in shaping social acceptance toward the company. Conversely, the dimensions of sustainability and participation are not prioritized by the local community, particularly in contexts characterized by pragmatism and a preference for immediate outcomes. As a result, these dimensions exert a comparatively weaker influence on the formation of social acceptance in the study area.

Figure 4 presents the correlation coefficients between CSR performance in each program domain and the Social Acceptance Index. The results show that Health (0.72), Education (0.68), and Infrastructure (0.66) programs demonstrate relatively strong correlations with social acceptance. These findings indicate such programs are well-aligned with community needs, provide tangible benefits, and contribute to building social acceptance. In contrast, economic empowerment programs (e.g., MSME development) and environmental initiatives demonstrate weaker correlations with the Social Acceptance Index. These results further reinforce the hypothesis that charity-based CSR programs— which provide direct and visible short-term benefits— tend to generate higher levels of community appreciation and acceptance compared to empowerment-oriented initiatives, which require sustained engagement, active participation, and a longer timeframe to yield measurable outcomes.

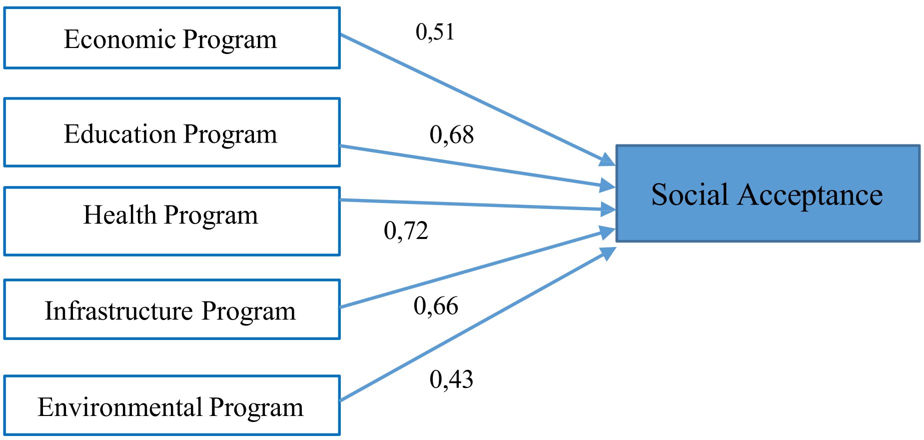



**Figure 4.** Correlation of CSR Performance and Social Acceptance (By Program)

**Multivariate Analysis: The Paradox of Social Acceptance vs. Sustainability**

The results of the multivariate statistical analysis support the hypothesis of this study, namely that the characteristics of CSR programs—whether charity-based or empowerment-oriented—moderate the relationship between CSR performance and social acceptance. The multivariate analysis reveals statistically significant difference in the strength of this relationship based on program typology. Specifically, the results show an elaboration specification pattern, indicating that the correlation between CSR performance and social acceptance is notably stronger for charity-based programs and comparatively weaker for empowerment-oriented initiatives.

This disparity can be attributed to community preferences for charity-based programs, which deliver immediate and tangible benefits. In contrast, empowerment programs emphasize participation and long-term sustainability, requiring medium- to long-term commitment from both the company and the community. Consequently, the impact of empowerment-oriented CSR on social acceptance may not be as immediately apparent, thus resulting in a weaker correlation in the short term.

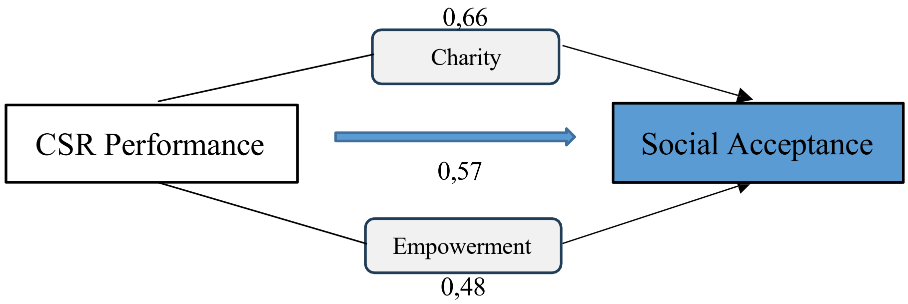



**Figure 5.** Multivariat Specification Correlation Between CSR Performance and Social Acceptance on Different Program Characteristic

These findings align with prior research indicating that charity-based programs are more readily accepted by local communities due to their ability to address immediate and tangible needs (Eweje, 2006; Frynas, 2005). Consequently, local communities often place less emphasis on the participatory and sustainability-oriented aspects that define empowerment-based programs (Andreea, 2015; Lamb & Calain, 2017). This tendency is further reinforced by several contextual factors observed in the study area, including the community's pragmatic orientation, limited educational attainment, low levels of awareness regarding CSR principles, and the lack of exposure to alternative CSR models implemented by other companies. Collectively, these factors support the central hypothesis of this study—that program characteristics significantly moderate the relationship between CSR performance and social acceptance.

**Table 12**
Multivariat Correlation Between CSR Performance and Social Acceptance

| Independent Variable | Dependent variable | Characteristic | Correlation |
|---|---|---|---|
| Relevance | Social Acceptance | Bivariate | 0,65 |
| | Social Acceptance | Charity | 0,71 |
| | Social Acceptance | Empowerment | 0,66 |
| Participation | Social Acceptance | Bivariate | 0,48 |
| | Social Acceptance | Charity | 0,47 |
| | Social Acceptance | Empowerment | 0,52 |
| Impact | Social Acceptance | Bivariate | 0,62 |
| | Social Acceptance | Charity | 0,73 |
| | Social Acceptance | Empowerment | 0,54 |
| Sustainability | Social Acceptance | Bivariate | 0,41 |
| | Social Acceptance | Charity | 0,41 |
| | Social Acceptance | Empowerment | 0,43 |

This condition reflects an inherent paradox in the implementation of CSR in the extractive sector, positioned between two principal objectives: first, as a stakeholder management strategy to secure social acceptance, and second, as a manifestation of business ethics contributing to social development. Extractive companies, by virtue of operating in resource-rich yet socially sensitive areas, frequently employ CSR as a strategic tool to obtain a Social License to Operate (SLO). To secure social acceptance, companies must accommodate the interests and aspirations of local communities as key stakeholders. In this context, CSR often serves as a mechanism for legitimizing corporate presence and sustaining operational continuity. However, when community expectations are primarily focused on short-term, tangible benefits, companies tend to prioritize charity-based interventions, which are perceived as more effective in diffusing potential resistance and preventing social unrest that could jeopardize their business activities.On the other hand, excessive reliance on charity-based CSR initiatives to secure social acceptance can lead to community dependence on the company, presenting a significant challenge for long-term development. This situation reflects a paradox in CSR implementation: while companies aim to gain immediate social legitimacy through charitable programs, they are simultaneously expected to uphold ethical commitments to sustainable social development. Such long-term goals involve capacity building, community empowerment, and improved quality of life—outcomes that can only be achieved through CSR programs designed as social innovations with empowerment characteristics. It is therefore unsurprising that the dimensions of impact and sustainability are emphasized as core indicators in various CSR standards, both domestically—such as the Indonesian Ministry of Environment's PROPER program—and internationally, including ISO 26000, the United Nations Global Compact, and the Global Reporting Initiative (GRI). These frameworks explicitly advocate for corporate engagement in advancing the Sustainable Development Goals (SDGs) (Andreea, 2015).

This paradox is aligned with the **Legitimacy Gap Theory**, as proposed by Marina Grahovar (in Jane, 2004), which highlights the gap between short-term, symbolic legitimacy and long-term, substantive legitimacy. Charity-based programs may be effective in establishing initial social acceptance but risk weakening community capacity and fostering prolonged dependency. Such an approach risks failing to bridge the legitimacy gap, as it falls short of fulfilling deeper, long-term expectations from stakeholders. These expectations—centered on sustainable development, capacity building, and empowerment—can only be addressed through CSR programs that are empowerment-oriented in nature, as emphasized by Harvey (2016).

**Conclusion**

The findings of this study reveal a **moderate positive correlation** between CSR performance and social acceptance. Thereby supporting the theoretical assumptions of relational CSR theory, which conceptualizes CSR as a strategic mechanism through which extractive companies secure support from local communities for their operational continuity. However, the moderate strength of the correlation suggests that CSR alone is not a sufficient determinant of social acceptance and must be complemented by other factors to optimize community acceptance.

Furthermore, the correlation analysis shows that the *relevance* and *impact* dimensions of CSR—commonly associated with charity-based programs—are perceived as more important by local communities and thus have a stronger influence on social acceptance. In contrast, the sustainability and participation dimensions—central to empowerment-oriented programs—demonstrate a weaker correlation with social acceptance, particularly in communities characterized by pragmatic orientations and a focus on short-term outcomes.

The results of the multivariate analysis further reinforce the paradox of CSR objectives. The relationship between CSR performance and social acceptance strengthens in charity-based programs but weakens in empowerment-oriented initiatives. This reflects a disconnect between the short-term program preferences of local communities and the direction of national and global CSR policies, which emphasize participatory, empowering, and sustainable approaches in line with the principles of the SDGs.

Thus, this study reveals a **paradox and legitimacy gap** in CSR implementation— the dual role of CSR as a stakeholder management instrument for securing short-term social acceptance, and as a normative expression of business ethics aimed at fostering long-term community empowerment and sustainable development. This paradox demands critical attention, as an overreliance on charity-based interventions may inadvertently reinforce community dependency on corporate actors. In contrast, the transformative potential of CSR—aligned with the principles of sustainable development—can only be realized through inclusive, participatory, and empowerment-driven approaches that cultivate local agency and resilience.

**Recommendations**

Based on these findings, the study offers several strategic recommendations for companies, policymakers, and CSR practitioners:

1. **For companies**: CSR programs should be aligned with the pragmatic expectations of local communities, while progressively shifting toward sustainable empowerment-oriented approaches. Companies should also integrate community aspirations into CSR planning, while simultaneously enhancing local capacities to ensure active participation and reduce dependency on corporate support. The companies proposed to integrate of Social Impact Assessment (SIA) within the Social License to Operate (SLO) framework is crucial for a nuanced understanding of social acceptance, especially in vulnerable settings. This synergistic approach shifts the focus from solely mitigating business risk to proactively delivering demonstrable and directed local development outcomes (Demajorovic, J., Pisano, V., & Pimenta, A., 2023.

2. **For policymakers**: It is essential to establish a regulatory framework that promotes community participation at all stages of CSR implementation—from planning to evaluation—and to provide recognition or incentives for companies that implement long-term, transformative CSR programs in accordance with national regulations and international CSR frameworks.
3. **For CSR practitioners**: A relational approach should be adopted, positioning CSR not merely as a "firefighting" tool to address company-community tensions, but as a **long-term partnership** focused on building community capacity, strengthening local institutions, and contributing to the achievement of sustainable development objectives.

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