



# Implementation Of Creating Shared Value (CSV) In Corporate Social Responsibility (CSR) Programs To Enhance Business Value And Employee Performance (Case Study Of PT Len Industri (Persero), Bandung, West Java)

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## ABSTRACT

This study investigates the implementation of Creating Shared Value (CSV) in Corporate Social Responsibility (CSR) programs at PT Len Industri (Persero), focusing on the SolarPump and SolarTree initiatives. By aligning societal and business objectives, these programs have demonstrated tangible impacts, including increased corporate revenue, enhanced employee performance, and improved public reputation. The SolarPump initiative addresses clean water scarcity in rural areas, while SolarTree provides urban communities with access to renewable energy solutions. The findings reveal that CSV not only enhances business value through market expansion and revenue growth but also improves employee motivation, skill development, and loyalty. This study concludes that CSV is a strategic approach capable of fostering sustainable development and corporate competitiveness, providing valuable insights for businesses seeking to integrate social impact with their core objectives.

## INTRODUCTION

Corporate Social Responsibility (CSR) has become a critical component of modern business strategies, evolving from mere philanthropy into a strategic tool that integrates social and environmental concerns into corporate operations. While CSR has brought about significant positive changes, it often operates independently of core business objectives, leading to limited long-term impacts and missed opportunities for innovation and profitability (Suripto, 2019).

In response to these challenges, the concept of Creating Shared Value (CSV), introduced by Porter and Kramer (2011), redefines the relationship between business and society. CSV seeks to align societal progress with economic growth by addressing social challenges in ways that

enhance competitive advantage. This approach views social issues not as constraints but as opportunities for innovation, market expansion, and value creation.

PT Len Industri (Persero), a state-owned enterprise in Indonesia specializing in technology and renewable energy, adopted the CSV framework to transform its Corporate Social Responsibility (CSR) programs. Through its SolarPump and SolarTree initiatives, PT Len Industri demonstrates how societal challenges—such as clean water scarcity in rural areas and access to renewable energy in urban spaces—can be addressed while simultaneously achieving business objectives.

This study explores the implementation of CSV in these initiatives, focusing on its impact on business value and employee performance. It aims to provide insights into how integrating social and business goals can drive sustainable development, enhance corporate competitiveness, and strengthen workforce engagement. By analyzing PT Len Industri's case, this research contributes to the growing body of knowledge on strategic CSR and sustainable business practices.

## LITERATURE REVIEW

### The Evolution of Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a business approach that emphasizes corporate accountability in addressing societal and environmental issues. CSR has evolved from traditional philanthropy, such as donations or community support, into a more structured strategy aimed at achieving sustainable development (Wibisono & Panggabean, 2020). However, many CSR programs have been criticized for their reactive nature and detachment from core business strategies, which limits their long-term effectiveness and impact (Suripto, 2019).

Studies have highlighted that CSR can improve corporate reputation and stakeholder trust but often fails to contribute significantly to business growth when it operates independently of strategic objectives (Fitriani et al., 2021). This limitation has led to the development of alternative models that integrate societal goals with corporate operations, such as Creating Shared Value (CSV).

### Understanding Creating Shared Value (CSV)

Creating Shared Value (CSV) shifts the focus from a compliance-driven approach to a strategy that leverages societal challenges as opportunities for growth and innovation. Porter and Kramer (2011) describe CSV as a framework that aligns business success with social progress by embedding societal solutions into core business strategies. Unlike CSR, which often focuses on reputation management, CSV directly integrates social value creation into business operations.

CSV operates on three main pillars (Porter & Kramer, 2011):

1. **Reconceiving Products and Markets:** Developing products or services that address societal needs while generating economic value.
2. **Redefining Productivity in the Value Chain:** Improving operational efficiency through sustainable resource management and waste reduction.
3. **Building Supportive Local Clusters:** Strengthening local ecosystems to foster economic growth and community development.

### The Business Case for CSV

Research has shown that CSV enhances corporate competitiveness by creating economic and social value simultaneously. Companies that adopt CSV often experience improved profitability, market expansion, and innovation rates (Kang & Na, 2020; Menghwar & Daood, 2021). For instance, organizations implementing CSV strategies report stronger relationships

with stakeholders, greater employee engagement, and enhanced brand loyalty (Bhattacharya, 2020).

### **Impact of CSV on Employee Performance**

The integration of societal goals into business operations positively influences employee motivation, productivity, and satisfaction. Employees working in companies that implement CSV feel a stronger sense of purpose, which enhances their loyalty and engagement (Park et al., 2018). Furthermore, participation in socially impactful projects provides opportunities for skill development and fosters a culture of innovation and collaboration (Elfajri & Wahyudi, 2018).

### **The Role of CSV in Sustainable Development**

CSV plays a critical role in achieving Sustainable Development Goals (SDGs) by addressing pressing societal challenges such as poverty, inequality, and environmental sustainability (Nugroho et al., 2024). By aligning business objectives with the SDGs, companies not only contribute to global development but also unlock new markets and drive long-term growth.

### **CSV in Indonesia**

In Indonesia, CSV has gained traction as businesses recognize its potential to address societal challenges while improving competitiveness. For example, initiatives like PT Len Industri's SolarPump and SolarTree programs showcase how renewable energy solutions can create shared value by addressing water scarcity and promoting green energy adoption, respectively (Hidayat & Farida, 2021). These programs demonstrate the practical application of CSV in enhancing both social welfare and corporate performance.

## **METHODS**

### **Research Design**

This study employs a qualitative research design using a case study approach to explore the implementation of Creating Shared Value (CSV) in PT Len Industri's Corporate Social Responsibility (CSR) programs. A case study method was chosen because it allows for an in-depth examination of specific initiatives—SolarPump and SolarTree—within their real-world context. This approach is suitable for understanding complex phenomena where social and business objectives intersect.

### **Data Collection**

To ensure comprehensive data collection, multiple methods were employed:

1. In-depth Interviews
  - a. Participants: Key stakeholders involved in the implementation of SolarPump and SolarTree, including CSR managers, technical staff, and employees. Interviews were also conducted with beneficiaries of these programs, such as local community members and government representatives.
  - b. Topics Covered: The design and execution of CSV initiatives, challenges faced, outcomes achieved, and perceived impacts on business value and employee performance.
2. Field Observations
  - a. Direct observations were conducted at project sites, including rural areas in Kupang, East Nusa Tenggara (SolarPump) and urban spaces in Bandung (SolarTree). Observations focused on the operational aspects of the initiatives, community interactions, and the use of installed infrastructure.

### 3. Document Analysis

- a. Corporate reports, CSR program documentation, and related government policies were analyzed to understand the strategic objectives, implementation processes, and measurable impacts of the CSV programs. External media coverage of the initiatives was also reviewed to capture public perception and stakeholder feedback.

### Data Analysis

The data collected were analyzed using thematic analysis to identify recurring patterns and themes related to the research objectives. The process involved:

1. Data Organization: Sorting interview transcripts, observation notes, and document excerpts into thematic categories.
2. Coding: Assigning codes to specific segments of data based on their relevance to the study's focus areas, such as "business value," "employee performance," "community impact," and "challenges."
3. Theme Development: Grouping related codes to form broader themes, such as "revenue growth," "employee motivation," and "operational challenges."
4. Interpretation: Synthesizing themes to draw conclusions about the effectiveness of CSV implementation and its dual impact on societal and business objectives.

### Study Scope

The research was conducted over six months, from January to June 2024, covering:

- a. Locations: PT Len Industri's headquarters in Bandung, the SolarPump project sites in Kupang, and the SolarTree installation at Bandung's Alun-Alun.
- b. Participants: Approximately 20 individuals, including company representatives, program beneficiaries, and local government officials.

### Validity and Reliability

Several measures were taken to ensure the credibility and reliability of the findings:

1. Triangulation: Data from interviews, observations, and documents were cross-verified to ensure consistency and validity.
2. Member Checking: Key findings were reviewed by participants to confirm the accuracy of interpretations.
3. Peer Review: Preliminary results were discussed with academic peers to gain feedback and address potential biases.

## RESULTS

### Implementation of Creating Shared Value (CSV) at PT Len Industri SolarPump Initiative

The SolarPump program was designed to address water scarcity in rural areas by providing solar-powered water pumps. The pilot project, implemented in Kupang, East Nusa Tenggara, successfully supplied clean water to over 500 households across five villages.

- a. Expansion and Revenue Impact: The success of the pilot attracted the attention of local governments, leading to an order of 140 additional SolarPump units, valued at IDR 34 billion.
- b. Community Benefits: The initiative significantly improved daily water access, supported agricultural productivity, and enhanced community livelihoods.

### SolarTree Initiative

SolarTree focused on urban environments, offering solar-powered charging stations in public spaces such as Bandung's Alun-Alun.

- a. **Functionality:** These installations provided free electricity for public use, such as charging devices, while promoting renewable energy adoption.
- b. **Community Engagement:** SolarTree enhanced the attractiveness of public spaces and fostered positive interactions between PT Len Industri and urban communities.
- c. **Sustainability Goals:** The initiative aligned with local government efforts to develop green and energy-efficient public infrastructure.

### **Impacts on Business Value**

#### 1. Revenue Growth

The SolarPump program demonstrated the commercial potential of CSV by generating significant revenue through government contracts. The successful pilot expanded PT Len Industri's market presence in renewable energy solutions.

#### 2. Enhanced Corporate Reputation

CSV initiatives positioned PT Len Industri as a leader in sustainability and innovation. Public recognition of the company's efforts strengthened its relationships with stakeholders, including local governments, investors, and communities.

#### 3. Market Expansion

By leveraging CSV, PT Len Industri accessed new markets in renewable energy and solidified its competitive advantage. The integration of innovative, sustainable solutions into its business strategy attracted additional opportunities for collaboration.

### **Impacts on Employee Performance**

#### 1. Motivation and Satisfaction

- a. Employees involved in the implementation of CSV programs reported higher levels of motivation and job satisfaction.
- b. **Purpose-Driven Work:** Many employees expressed pride in contributing to initiatives that positively impacted society.
- c. **Recognition:** Staff received acknowledgment for their roles in the success of these programs, which reinforced their commitment to the company.

#### 2. Skill Development

CSV programs required employees to acquire new skills in renewable energy technologies, such as operating and maintaining solar-powered infrastructure.

- a. **Training and Development:** Employees gained technical expertise that enhanced their professional competencies and employability.

#### 3. Increased Loyalty and Retention

Employees reported a stronger emotional connection to the company, driven by their involvement in impactful projects. This connection resulted in higher retention rates and a more engaged workforce.

### **Challenges in CSV Implementation**

#### 1. Community Perceptions

Initial skepticism about the effectiveness and reliability of solar technology posed a barrier to adoption, especially in rural areas.

- a. **Solution:** PT Len Industri conducted extensive community engagement and educational sessions to build trust and awareness.

#### 2. Operational Issues

Instances of misuse of SolarPump and SolarTree installations, such as using infrastructure for unintended purposes, were reported.

- a. **Solution:** The company introduced stricter monitoring and community training to ensure proper usage of the facilities.

### 3. Regulatory Delays

Prolonged permit approvals hindered the timely implementation of CSV programs.

- a. Solution: PT Len Industri worked closely with local governments to streamline administrative processes and secure the necessary permits.

## DISCUSSION

The findings of this study underscore the effectiveness of Creating Shared Value (CSV) as a strategy to align societal and business goals. PT Len Industri's implementation of the SolarPump and SolarTree programs demonstrates how CSV can transform traditional Corporate Social Responsibility (CSR) into a strategic driver for both social impact and economic growth.

### CSV As A Strategic Business Model

The results highlight that CSV is not merely an extension of CSR but a paradigm shift in how businesses approach societal challenges. By embedding social value into its core operations, PT Len Industri successfully converted societal issues—such as water scarcity and renewable energy access—into opportunities for market expansion and revenue generation. The IDR 34 billion in revenue generated through SolarPump demonstrates how CSV initiatives can directly contribute to a company's bottom line while addressing pressing community needs.

This aligns with Porter and Kramer's (2011) framework, which posits that businesses can achieve sustainable competitive advantage by addressing societal challenges. PT Len Industri's SolarPump initiative exemplifies this principle by creating a scalable solution that benefits rural communities while opening new revenue streams.

Similarly, SolarTree promotes urban sustainability and showcases the company's commitment to renewable energy innovation, enhancing its public image and stakeholder relationships.

### Impact On Business Value

The SolarPump and SolarTree initiatives illustrate the dual impact of CSV on business value. Beyond revenue growth, the programs significantly enhanced PT Len Industri's corporate reputation and market positioning. The company's recognition as a leader in renewable energy and sustainability has strengthened its brand equity, making it a preferred partner for government and private sector projects.

The market expansion achieved through these initiatives highlights CSV's potential to drive business growth in untapped sectors. By leveraging solar-powered technologies, PT Len Industri gained access to rural and urban markets, demonstrating the scalability of CSV as a business model. These outcomes align with prior studies that emphasize the positive relationship between CSV and market competitiveness (Kang & Na, 2020; Bhattacharya, 2020).

### Impact On Employee Performance

One of the most compelling outcomes of PT Len Industri's CSV initiatives is their impact on employee performance. Employees reported increased motivation, job satisfaction, and loyalty due to their involvement in socially impactful projects. These findings are consistent with Bhattacharya's (2020) assertion that employees derive greater purpose and fulfillment when contributing to initiatives that create societal value.

Moreover, the technical training provided during the implementation of SolarPump and SolarTree enhanced employees' skills in renewable energy technologies. This not only improved individual competencies but also strengthened PT Len Industri's overall workforce capability, positioning it as a leader in innovation-driven industries.

### **Addressing Challenges In Implementation**

The challenges faced during the implementation of CSV programs—such as community skepticism, misuse of facilities, and regulatory delays—highlight the importance of proactive stakeholder engagement and robust program monitoring. PT Len Industri's efforts to educate communities, implement stricter facility oversight, and collaborate with local governments were critical in overcoming these hurdles.

These findings underscore the need for companies adopting CSV to develop comprehensive stakeholder engagement strategies. Building trust and ensuring proper program utilization are essential for maximizing the societal and business impacts of CSV initiatives.

### **Broader Implications For Sustainability**

PT Len Industri's CSV initiatives align closely with global Sustainable Development Goals (SDGs), particularly those related to clean water (SDG 6), affordable and clean energy (SDG 7), and sustainable cities (SDG 11). By integrating these goals into its business operations, the company demonstrates how CSV can serve as a practical tool for advancing sustainable development.

The broader implications of these findings suggest that businesses adopting CSV can play a pivotal role in addressing systemic challenges while enhancing their own competitiveness. PT Len Industri's experience offers valuable insights for other companies seeking to integrate social and environmental considerations into their core strategies.

## **CONCLUSION**

This study demonstrates the effectiveness of Creating Shared Value (CSV) as a strategic approach for aligning business objectives with societal impact. Through the SolarPump and SolarTree initiatives, PT Len Industri (Persero) exemplifies how addressing pressing community needs can simultaneously drive corporate growth and enhance employee engagement. The SolarPump program significantly improved access to clean water in rural areas while generating IDR 34 billion in additional revenue through government contracts.

Similarly, SolarTree contributed to urban sustainability by providing renewable energy solutions, enhancing the company's public reputation, and fostering stronger stakeholder relationships. These programs highlight CSV's ability to create scalable solutions that benefit both society and the business. Furthermore, the initiatives positively impacted employee performance, with enhanced motivation, job satisfaction, and skill development reported among staff.

Employees felt pride in contributing to meaningful projects, which strengthened their loyalty and connection to the company. Despite challenges such as community skepticism, facility misuse, and regulatory delays, PT Len Industri overcame these barriers through proactive engagement, education, and collaboration with stakeholders. This underscores the importance of comprehensive planning and stakeholder involvement in the successful implementation of CSV initiatives.

### **Key Takeaways**

1. **Business Value:** CSV initiatives can unlock new revenue streams, enhance corporate reputation, and expand market opportunities.
2. **Employee Performance:** Meaningful work linked to societal impact drives motivation, satisfaction, and loyalty while enhancing workforce skills.
3. **Sustainability:** CSV aligns closely with global Sustainable Development Goals (SDGs), making it a practical tool for long-term corporate and societal success.

## SUGGESTION

1. Expanding Program Reach
  - a. Target More Regions: Extend the SolarPump initiative to other rural areas with limited access to clean water, especially regions facing similar geographical and infrastructure challenges.
  - b. Broaden SolarTree Installations: Increase the deployment of SolarTree in urban spaces, such as public parks and schools, to promote renewable energy adoption and urban sustainability.
2. Enhancing Community Involvement
  - a. Education and Awareness Campaigns: Conduct more extensive community engagement programs to educate beneficiaries about the benefits of solar technology and proper usage of facilities.
  - b. Local Partnerships: Collaborate with local community groups to ensure program sustainability, including maintenance and oversight of installed facilities.
3. Strengthening Employee Engagement
  - a. Skill Development Programs: Provide ongoing training to employees involved in CSV initiatives, focusing on advanced renewable energy technologies and sustainability practices.
  - b. Recognition and Incentives: Develop reward systems to recognize employees' contributions to CSV programs, fostering motivation and retention.
4. Improving Monitoring and Evaluation
  - a. Impact Measurement Framework: Establish a structured system to regularly measure the social and economic outcomes of CSV programs, including metrics such as water access improvement, community satisfaction, and revenue growth.
  - b. Feedback Mechanism: Implement a feedback loop with beneficiaries and stakeholders to identify areas for improvement and ensure program effectiveness.
5. Fostering Collaborative Efforts
  - a. Government Partnerships: Strengthen collaboration with government agencies to streamline regulatory processes and secure funding for future CSV initiatives.
  - b. Public-Private Partnerships (PPP): Explore partnerships with private entities, NGOs, and educational institutions to enhance resources and innovation for CSV programs.
6. Diversifying CSV Programs
  - a. New Solutions: Develop additional products and services based on CSV principles, such as renewable-powered irrigation systems, off-grid energy solutions, or sustainable waste management technologies.
  - b. Integration with SDGs: Align future CSV initiatives more closely with specific Sustainable Development Goals (SDGs) to maximize societal and environmental impact.

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