Redefining the Concept of Local Wisdom-Based CSR and Its Practice

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Abstract: Local wisdom is very important for corporate social responsibility (CSR) activities which benefit local communities, especially in the case of companies in Indonesia; however, these companies have not yet understood the concept and examples of local wisdom-based CSR activities. This research aims to formulate the concept of such CSR and its practice in Indonesia. To fulfil its objective, the study makes a systematic review of 74 local wisdom-based, CSR articles with an Indonesian background based on the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) statement. Google Scholar, ScienceDirect, Scopus, and Emerald Insight were used as the main databases to find related articles. In accordance with the concept of local wisdom-based CSR, the research focuses on community empowerment activities and how local wisdom is a key part of these. Local wisdom-based CSR activities are categorised into three types: CSR based on local wisdom, CSR that considers local wisdom, and CSR that uses local wisdom. The findings will aid companies in planning and implementing such activities. Through the research gaps identified, the study will also facilitate future researchers in conducting local wisdom-based CSR research.

Keywords: corporate social responsibility; local wisdom; systematic review

1. Introduction and Literature Review

1.1. Introduction

Corporate social responsibility (CSR) refers to actions taken by companies through socially responsible behaviour toward society, with a focus on economic, social, and environmental concerns. Such activities are intended to benefit the community around a company, with the aim that they will later benefit the company itself. For the activities to provide benefits for the community, the CSR must be based on local wisdom [1]. Hadi [2] states that companies need to be sensitive to the systemic adoption of various cultures (local wisdom) in developing CSR strategies.

However, in reality most companies in Indonesia view CSR as a charitable activity, making profits their top priority, without paying attention to the real needs of the surrounding community [3,4]. This is because companies do not know how to correctly implement local wisdom-based CSR. To effectively do this, they need to understand the concept and emulate successful examples of local wisdom-based CSR implementation that other companies have demonstrated.

The research objective is to formulate the concept of local wisdom-based CSR and provide an overview of related activities that companies in Indonesia have conducted. The formulation of the concept and depiction of such activities could assist companies in undertaking such activities themselves. They will also complement their understanding of the concept of local wisdom-based CSR, so that they will be able to understand and apply it.

Previous researchers have identified how local wisdom has been applied in various CSR activities and the concepts of local wisdom-based CSR. The concepts of local wisdom-based CSR from previous studies are presented in Table 1. Table 1 shows that local
wisdom-based CSR is conceptualized by comparing secondary data with primary data (i.e., observation, interview, focus group discussion, and questionnaires to local communities). As each article was based on a different context in different communities, the concept of local wisdom-based CSR activities is diverse and unclear. To be able to undertake such activities, companies need a clear and comprehensive concept of them. Through a systematic review of related research, this study develops a comprehensive and practical concept of these activities.

Table 1. Concepts of local wisdom-based CSR in previous studies.

<table>
<thead>
<tr>
<th>Author</th>
<th>Concept</th>
<th>Context</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kartikawangi [5]</td>
<td>Corporate social responsibility (CSR) activities that use local wisdom to accommodate a sustainable and effective communication plan</td>
<td>CSR of multinational companies in Indonesia</td>
<td>Secondary data comparison, interview, focus group discussion (FGD), and monitoring</td>
</tr>
<tr>
<td>Diamastuti et al. [6]</td>
<td>CSR activities which conform with stakeholder expectation (connects God, human being, and nature)</td>
<td>Tri Hita Karana in Bali</td>
<td>Interview and secondary data comparison</td>
</tr>
<tr>
<td>Rosilawati and Mulawarman [7]</td>
<td>CSR activities which connect local communities and companies</td>
<td>Tri Hita Karana in Bali</td>
<td>Interview and secondary data comparison</td>
</tr>
<tr>
<td>Hendro and Naryoso [8]</td>
<td>CSR activities which alleviate poverty, create self-reliance of citizens, work together to maintain environmental balance and cares for the preservation of local culture</td>
<td>Community empowerment in Semarang</td>
<td>Interview and secondary data comparison</td>
</tr>
<tr>
<td>Djufri et al. [9]</td>
<td>CSR activities based on cultural and social norms in society</td>
<td>Listed companies in IDX</td>
<td>Survey and secondary data comparison</td>
</tr>
<tr>
<td>Werastuti [10]</td>
<td>CSR with spirituality as guidance</td>
<td>Catur Purusa Artha in Bali</td>
<td>Interview and secondary data comparison</td>
</tr>
<tr>
<td>Rosilawati and Ahmad [11]</td>
<td>CSR programs that are based on local issues, culture and tradition of community</td>
<td>Tri Hita Karana in Bali</td>
<td>Interview and secondary data</td>
</tr>
<tr>
<td>Mulyani et al. [12]</td>
<td>CSR programs that use and develop local wisdom to become a tourist attraction</td>
<td>Community empowerment as tourist village in Java</td>
<td>Interview and secondary data</td>
</tr>
<tr>
<td>Suhadi et al. [13]</td>
<td>CSR programs that allow and develop the culture, customs, and habits of the local community</td>
<td>CSR in South Sumatera</td>
<td>Interview and secondary data</td>
</tr>
<tr>
<td>Said and Junaid [14]</td>
<td>CSR programs that accommodate local wisdom values to be part of the system and orientation of company</td>
<td>PT Vale Indonesia</td>
<td>Interviews, focus group discussions (FGD), field observations, and secondary data</td>
</tr>
</tbody>
</table>

This paper redefines the concept of local wisdom-based CSR with a pragmatism paradigm. The definitions of local wisdom-based CSR in previous research were conceptualized using a positivism paradigm. In this paradigm, CSR activities were compared to a theoretical concept of local wisdom and CSR; however, this paradigm is not suitable with local wisdom which is contextual, broad, and ‘messy’ [15]. Instead of a practical understanding of concrete, real-world issues, local wisdom-based CSR should be conceptu-
alized by interrogating the practice of CSR [16]. Using pragmatism, the concept of local wisdom-based CSR is practically-based and has the potential to transform the practice of CSR [17].

Although the level of related research is increasing, to the best of our knowledge no study has defined a comprehensive and practical concept of local wisdom-based CSR. Previous studies that have attempted to define the concept have been abstract and theoretical [18]. Others have explained local wisdom-based business practice [19] or how to use local wisdom in accounting and business research, but have not been specific to local wisdom-based CSR research [20]. Other research has explained the practice of local wisdom but only in the field of nature conservation [21].

This research focuses on local wisdom-based CSR practices written in previous studies in Indonesia. The use of a pragmatic paradigm in redefining local wisdom-based CSR needs a focus on one region. In addition, local wisdom-based CSR research has mostly been written in local languages; thus, it is necessary to focus on one country rather than many to obtain richer and deeper results on the local wisdom of a particular nation. We chose Indonesia for three reasons. First, the social and welfare policies in Indonesia tend to be residual and partial, not institutionalised, and are not integrated with the tax system; therefore, they are unable to reduce poverty and trace the impact of CSR on it [22]. By undertaking CSR activities based on the local wisdom of the community, companies can reduce poverty [23] and can more easily report on the impact of such activities on society [24].

Second, most of the local wisdom-based CSR articles are from Indonesia. Based on Harzing’s ‘Publish or Perish’ analysis performed by researchers, all Scopus or web of science-indexed articles related to local wisdom-based CSR are from Indonesia. As this article needs a significant number of articles to conceptualize local wisdom-based CSR, choosing Indonesia is the best way to achieve this.

Third, Indonesia is the fourth most populous country in the world, with 300 ethnic groups, and is the third fastest growing economy in the world [25]. With rapid economic growth and diverse ethnic groups, the country is vulnerable to conflict and a loss of national identity. The seventh President of Indonesia, Ir. H., Joko Widodo, stated that preserving local wisdom is crucial in counteracting foreign cultures [26]. Therefore, the concept of CSR based on local wisdom is vital for Indonesian society.

1.2. Literature Review
1.2.1. Definition of CSR

The concept of CSR is one that continues to evolve dynamically [6]. Initially, CSR was a consequence of a company’s existence, because the company had been given the freedom to operate in a certain environment [10,27]. Companies that have been given the freedom to operate need to assure their stakeholders that their presence can positively impact society and the environment [28]. To do this, they need to conduct business ethically [11,29], and show their concern [30,31] for society and the environment.

The early concept of CSR concerned a company’s commitment to creating an order that could increase its awareness of the surrounding community and environment [32–34]. The definition of CSR above seems to give the impression that it refers to a company’s obligation to the surrounding community and environment [29,35] without providing benefits to itself. Companies that still adhere to this meaning of CSR consider that it is a burden for them, and is detrimental to stakeholders such as shareholders [10] because their goal is to make a profit, not to undertake social activities [36]. They consider that CSR obligations violate the human rights of shareholders [10].

Most companies in Indonesia embrace this meaning of CSR. As a result, CSR is merely the fulfilment of government regulations [24,27,30,37] and is seen as charitable, becoming an addiction (creating a dependency on the community), as a hostage (a tool for the community to suppress the company), and as toxic (damaging the company and community relations) [38]. Because CSR activities are mandatory, companies in Indonesia attempt to
benefit from them. However, with the understanding that CSR is a corporate burden, related activities aim to provide a deceitful positive image [10]; therefore, companies are unable to have a sustainable positive impact on the environment and society [39].

To remedy this problem, the meaning of CSR evolved to replace the old one [40]. Currently, it is defined as a holistic approach that integrates economic, social, and environmental aspects with a company’s business activities in a sustainable manner [10,23,28], as well being an integral part of the company strategy [41] to realize sustainable economic development [29,30,36], resulting in a relationship that benefits both the company and society [30]. If CSR is a part of the company strategy, it can be undertaken voluntarily [39], which means that the company is proactive in exploring CSR activities that benefit the community and the environment [5,10].

CSR also shapes a company’s social standing [36], connecting it with its stakeholders [42]. The surrounding community and environment are the company’s stakeholders; by positively impacting these, the company can develop good relationships with stakeholders [8,29]. This can ensure its sustainability [29].

However, realising that CSR determines social standing and is part of corporate strategy is not sufficient to make the related activities beneficial to stakeholders. Whether or not a CSR activity is beneficial depends on the perception of stakeholders of where the CSR activity is implemented. The successful implementation of a CSR activity in one area does not guarantee the same result in another; therefore, CSR activities must take into consideration the local wisdom of the area where the CSR will be implemented so that the planned activities do not fail [29].

1.2.2. Local Wisdom

Before discussing the meaning of local wisdom-based CSR, the meaning of local wisdom is first discussed. Epistemologically, it consists of two words: wisdom, which means righteousness, and local, which refers to locality. Local wisdom refers to local ideas, values, and views that are wise, full of wisdom, have good values, and are unique [43,44], which are embedded within and followed by members of the community [27]. Local wisdom guides local people in fulfilling their needs, facing life’s problems, and improving their quality of life [29,36,45,46].

Through a long process [47], local wisdom is acquired from life experiences and/or is passed down from generation to generation in a particular environment [9,12,32]. Because it is dynamic, there are two types of local wisdom: traditional and contemporary. Local wisdom that does not come from the previous generation is called contemporary wisdom [46]. Another result of it being dynamic is that local communities can renew wisdom through life experiences and by adjusting to current conditions affected by globalisation or outside cultures [36]. Although it is dynamic, the community has deep-rooted local wisdom that enables it to adapt outside culture to its own character [9]. Entrenched local wisdom is called traditional local wisdom [48]. Both types of local wisdom reflect the uniqueness and identity of the community [9,43].

There are various types of local wisdom, depending on the literature consulted. According to Djufri [9], local wisdom consists of (1) locally developed norms, such as prohibitions and obligations; (2) community rituals and traditions; (3) folk songs, legends, myths, and folklore, which usually contain certain lessons or messages, (4) data information and knowledge collected from community elders and spiritual figures; (5) ancient manuscripts or books that the community believes in; (6) the way the community (society) fulfils its daily life; (7) the tools and materials used for certain needs; (8) natural or environmental conditions commonly used in daily life; (9) language. Other studies mention that transportation, tourism [39], and religion are also forms of local wisdom [12,32]. Regardless of its form, local wisdom teaches ethics and morals, is attached to its owner (the local community), and teaches humans to love nature [44,49].

Based on the information above, it can be concluded that local wisdom is wholly owned by the community and is used as a guide to life and community identity; therefore,
it oversees whatever the community is involved in, including how to conserve and preserve natural resources, develop human resource potential, and develop science and culture [36]. Assisting communities in conserving and preserving natural resources, developing human resource potential, and developing science and culture are forms of CSR; therefore, it is only natural that CSR activities are based on the local wisdom of the community.

2. Materials and Methods

This research used a pragmatic paradigm with deductive reasoning. According to the pragmatic paradigm, local wisdom-based CSR could be conceptualised from related practices. Deductive reasoning is the process of reasoning from one or more statements (premises) to reach a particular logical conclusion [50]. This research conducted a systematic review of articles on local wisdom-based CSR practices to reach a conclusion on the concept. The aim was to obtain a general concept of such responsibility based on companies’ CSR practices.

To answer the research questions, the systematic review method was employed, using the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) statement as the main guideline. PRISMA is an evidence-based minimum set of items for reporting in systematic reviews and meta-analyses. PRISMA primarily focuses on the reporting of reviews evaluating the effects of interventions, but it can also be used as a basis for reporting systematic reviews with objectives other than evaluating interventions. The flow diagram of the PRISMA statement process is as shown in Figure 1.

![Flow diagram of the process.](image)

2.1. Identification

In the identification process, the researchers searched for articles using Google Scholar. Using Google Scholar as the database for this research can compromise the quality of journal articles found; however, it is argued that using Google Scholar as the database is the most appropriate way to do so. First, local wisdom-based CSR articles in well-known databases such as ScienceDirect, Scopus or Emerald Insight are very limited. Second, CSR
research on local wisdom is mostly found in national journals that can only be accessed through Google Scholar. To assure the quality of the journal articles used, this research only used national articles indexed by SINTA, which will be explained in the Section 2.3. In addition, this research also searched through ScienceDirect, Scopus, and Emerald Insight.

In searching for articles, various keywords were employed. In ScienceDirect, Scopus, and Emerald Insight, these were “local wisdom” AND “CSR”. In Google Scholar, we used the keywords “local wisdom” AND “corporate social responsibility”; “kearifan lokal” AND “tanggung jawab sosial perusahaan”; “kearifan lokal” AND “corporate social responsibility”; and “tanggung jawab sosial perusahaan” AND “nilai luhur bangsa Indonesia”.

After searching with the four keywords in Google Scholar, 2869 similar studies with different keywords were found. In addition, there were four studies from Google Scholar, ScienceDirect, Scopus, and Emerald Insight with the same keywords.

2.2. Screening

In the screening stage, the researchers selected articles based on four criteria. The first was that the articles had to be from the period 2009–2022. The year 2009 was used because local wisdom-based CSR research started in this year on Google Scholar. Based on the first criterion, the number of studies eliminated was 380. The second criterion was that the article must have matched the intended topic, namely, local wisdom-based CSR. Based on this criterion, 3773 studies were eliminated. The third criterion was that the data must have been in the form of research articles, as these have passed the review stage, meaning that other parties have approved the quality of the writing. From the third criterion, the number of eliminated studies was 221. The fourth criterion was that the article must have had an Indonesian background; in this case, 129 studies were eliminated.

2.3. Eligibility

Eligibility was divided into two stages. In the first stage, the researchers considered the article’s suitability based on the research criteria by reading its abstract. They excluded 413 articles that did not refer to CSR, but that were the result of lecturers’ community service activities without company intervention; research that did not concern CSR; or CSR research that was not based on local wisdom. In the second stage, to ensure the quality of the articles used, the researchers excluded research articles that were not from SINTA (Science and Technology Index) indexed journals or not indexed as international journals (either reputable or non-reputable indexed). SINTA is a database of Indonesian national journals accredited by the ARJUNA system (national journal accreditation). Journals that have been indexed by SINTA are ones that are suitable for reference and citation [51]. The SINTA journal index ranking ranges from SINTA 1 to SINTA 6. As in Scopus, journals with a SINTA 1 ranking are of the highest quality. This study also excluded articles from non-indexed international journals. Based on these criteria, 74 articles were selected for use.

2.4. Data Abstraction and Analysis

The NVIVO software was employed to process the 74 selected research articles. First, all the articles were entered from Mendeley into NVIVO. Second, they were given attributes such as the research year, research method, journal type, local wisdom type, and research area. The research attributes were used to generate descriptive statistics and provide an initial overview of the selected articles. Through descriptive statistics, this article identified a research gap in local wisdom-based CSR research. Third, nodes were assigned to all the articles. The results of these produced a mind map that served as a framework for compiling the research results, as shown in Figure 2.

After making the mind map, this research categorized the analysis into four parts. The first two parts are explained in the Section 1.2. The first part is the definition of CSR, in general, and why local wisdom-based CSR is needed. This part is crucial to highlight the importance of local wisdom-based CSR. After acknowledging that local wisdom-based CSR is crucial, this research explains the definition of local wisdom (in the second part).
The concept of local wisdom-based CSR based on CSR practice is explained in the third part. Knowing the concept of local wisdom-based CSR is not enough to inform companies about how to perform local wisdom-based CSR. Therefore, this research explains how to perform local wisdom-based CSR successfully based on the concept of local wisdom-based CSR, the constraints of enacting local wisdom-based CSR successfully, and the form of local wisdom-based CSR practices (in the fourth part).

![Figure 2. Mind map of the systematic review.](image)

3. Results

3.1. Descriptive Statistics

The results of the division of articles based on the year of publication are given below. From the descriptive statistics in Figure 3, it can be concluded that the number of articles with the theme of CSR based on local wisdom with an Indonesian background used in this systematic review increased significantly in 2020, while there was no article used in 2013. The figure for 2022 was low because the selection of articles was made in July 2022. Figure 4 also shows that the number of articles published in reputable international journals was still very low. This figure shows that the quality of the local wisdom-based CSR research with an Indonesian background was still poor. Indonesian researchers or other researchers that are interested in Indonesian local wisdom need to increase the quality of their research as Indonesian local wisdom is actually very rich.

![Figure 3. Distribution of articles by year.](image)
Regarding the research location, most of the research on the theme of CSR based on local wisdom with an Indonesian background was conducted in the area of Bali. Bali is the most popular region in Indonesia that attracts many tourists. As the research of local wisdom-based CSR mainly discusses tourist villages, Bali has become the first priority for research location. From the spatial distribution shown in Figure 5, many regions in Indonesia remained uncovered in research on the theme of CSR based on local wisdom.

Figure 4. Distribution of articles by journal type.

Figure 5. Spatial distribution of local wisdom areas.
This study categorises the research methods based on the type of research, research approach, research paradigm, and data collection method, as shown in Figure 6. The research types are divided into quantitative, qualitative, and mixed quantitative and qualitative. A total of 93% of the articles used qualitative analysis.

According to Creswell and Poth [52], the research paradigm uses paradigms: positivism (for quantitative research), post-positivism, constructivism-interpretivism, and critical-ideological. Positivism is a paradigm that holds that all genuine knowledge is either true by definition or a posteriori facts derived by reasons and logic from a sensory experience. Post-positivism challenges the traditional notion of the absolute truth of knowledge and recognizing that researchers cannot be positive about the claims of knowledge when researchers learn about behaviour. The constructivist-interpretivism paradigm states that reality is constructed through interactions between a researcher and the research subject (being more flexible that post-positivism). The critical-ideological paradigm is an alternative paradigm related to society, whose purpose is to criticize and justify the existing status quo in society and to provide alternative knowledge to produce a better social order.
This paper also uses research approaches described by Creswell and Poth [52], namely, narrative research, phenomenology, grounded theory, ethnography, and case studies, together with hermeneutics. Narrative research is a design of inquiry from the humanities in which the researcher studies the lives of individuals and asks one or more individuals to provide stories about their lives. Phenomenological research is a design of inquiry coming from philosophy and psychology in which the researcher describes the lived experiences of individuals about a phenomenon as described by the participants. Grounded theory is a design of inquiry from sociology in which the researcher derives a general, abstract theory of a process, action, or interaction grounded in the views of participants. Ethnography is a design of inquiry in which the researcher studies the shared patterns of behaviours, language, and actions of an intact cultural group in a natural setting over a prolonged period of time. Case studies are a design of inquiry found in many fields, especially evaluation, in which the researcher develops an in-depth analysis of a case, often a program, event, activity, or process, of one or more individuals. A hermeneutic approach emphasizes subjective interpretations in the research of meanings of texts, art, culture, social phenomena and thinking.

The research paradigm used is mostly that of constructivism-interpretivism, with the most widely used research approach being the narrative. This shows that most of the research examined construct or interpret the thoughts of one or more individuals and narratively explain them. Figures 6 and 7 show that most of the studies used primary and secondary data collection methods, i.e., a combination of interviews and company report data.

3.2. The Concept of CSR Based on Local Wisdom

Local wisdom-based CSR is an activity that is influenced by, rooted in, and in accordance with the local wisdom of the community where it is undertaken [6,29] and still
allows the community to develop such wisdom [13,53]. Companies need to adhere to a community’s local wisdom in planning to communicate CSR activities for the following three reasons. First, in Asian countries, especially Indonesia, local wisdom has taken root in local communities; therefore, CSR activities need to be in line with this [6]. Second, CSR regulations in Indonesia do not include sanctions; therefore, the regulations should be complemented with the strong social control found in local wisdom [54]. Third, the research proves that an awareness of local community wisdom prevents companies from failing in their CSR activities [32].

The failure of CSR activities in Indonesia occurs for four reasons. First, they do not solve the problems in the surrounding community and environment [55]. In order to solve problems in society and the environment, companies need to identify social problems [56,57] and analyse the socio-economic potential and other opportunities which can be used to solve such problems [34]. The community’s socio-economic potential comes from its local wisdom.

The second reason is low community participation in CSR activities [33]. This may be the result of the activities offered not being based on the local wisdom of the community [58,59]. This results in the third problem, namely, a community distrust of companies [60,61]. Most of the problems in the community and the surrounding environment are caused by company operations that do not pay attention to the socio-cultural conditions of the community [18,62], so that conflicts between the community and the company are not uncommon [63]. Therefore, to restore public trust, companies need to provide innovative solutions to community problems with the use of local wisdom [56].

The fourth reason is that companies experience difficulties in communicating with local communities, which is because they are unfamiliar with the local wisdom of the community [42]. By understanding such wisdom, companies can, for example, identify who can mediate between them and the community, with whom they should first communicate, and how to communicate with the local community so that it hears about company proposals [5]. The research shows that communication with local community institutions can enhance the effectiveness of CSR activities [33].

The most important aspect of local wisdom-based CSR activities is that companies need to involve local communities at every stage [11,64,65] and emphasise transparency in all their CSR processes [64]. Therefore, the CSR activity that best illustrates local wisdom is community empowerment. This is a systematic and planned activity [31,34,66] which uses local resources and focuses on community involvement [55], aiming to increase the strength and self-esteem of vulnerable communities [8,23,27] and to create independence [24,57] and community welfare [23]. An independent community is one that can understand its conditions, can understand the potential resources it has and use them proactively to deal with its future conditions, can direct itself, has bargaining power, and is not dominated by anyone [34,57,67].

Community empowerment activities focus on community involvement. Based on a community-based resource management and participatory research appraisal, such activities should be designed, implemented, and owned by the community [22]. They can only work well in communities with a common interest in changing and working together [31]. Therefore, in these activities, the company only acts as a partner in facilitating, providing funds for and assisting in implementing community empowerment activities [57,68].

Such activities imply that companies listen to the complaints and problems of the community [67], thereby increasing the community acceptance of CSR activities, fostering good corporate relations with the community, and reducing the corporate social risk [39,67]. Community empowerment is also an effective means of organising stakeholders and increasing the social capital of companies [24] and communities [33]. Social capital is the interconnected trust, norms, cohesiveness, altruism, values, and social networks (such as human resource competence, community organization, social structure, and leadership) that can increase the efficiency of society by facilitating coordinated action [18]. It fosters mutual trust and bridges the gap between groups with different ideologies, including
companies and communities [18]. The implementation of community empowerment can increase companies’ social capital in the form of tolerance, humanity, honesty, and corporate responsibility. At the same time, community empowerment activities can also increase community social capital, namely, mutual trust, improving the quality of governance, social structure, and community organisation [18]. Social capital synergises with local wisdom as a solution to avoid corporate social risk [18].

Social responsibility is different from community empowerment. Community empowerment is a company’s willingness to contribute positively to the community, whereas social responsibility arises as a reaction to stakeholder demands based on the understanding that companies use the resources from the surrounding community [34]. However, in practice, community empowerment is a form of CSR based on community needs (a bottom-up process) [33], that focuses on the power of local wisdom, and is a more meaningful actualisation of CSR activities [31]. Therefore, this research focuses on community empowerment.

Local Wisdom-Based CSR Success Indicators in Each Phase of Community Empowerment and Related Constraints

As a guidance to measure whether a community empowerment activity is a success or not, this research provides a checklist based on a systematic review from previous research. The checklist is shown in Table 2.

Table 2. Local Wisdom-Based CSR Success Indicators Measurement Checklist.

<table>
<thead>
<tr>
<th>Process</th>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td><strong>Planning Stage (Social Mapping)</strong></td>
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<tr>
<td>a Does the company know the status of the local community’s local wisdom?</td>
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<tr>
<td>- Local wisdom issues or socio-economic problems</td>
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<tr>
<td>- Stakeholders</td>
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<tr>
<td>- Existing CSR activities (if any) or environmental, economic, and social potential</td>
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<td>- Possible local heroes</td>
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<tr>
<td>b Does the company involve the local community in social mapping? If yes, how far?</td>
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<tr>
<td>- Observation of local community</td>
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<td>- Inquire about local documents</td>
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<tr>
<td>- Interview some key local persons</td>
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<tr>
<td>- Focus group discussion with local persons</td>
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<tr>
<td><strong>Implementation Stage (Does the company involve the local community in the execution of community empowerment? If yes, how far?)</strong></td>
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<tr>
<td>- Involve local people as mediators</td>
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<tr>
<td>- Involve local people in undertaking community empowerment</td>
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<tr>
<td><strong>Monitoring and Evaluation Stage (Does the company involve the local community in the monitoring and evaluation stage? If yes, how far?)</strong></td>
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<tr>
<td>- Observation of the community empowerment process</td>
<td></td>
<td></td>
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<tr>
<td>- Interview some key local persons</td>
<td></td>
<td></td>
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<tr>
<td>- Focus group discussion with local persons</td>
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<tr>
<td><strong>Objective</strong></td>
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<tr>
<td>1 In the eye of the community (do the community empowerment activities help the local community?)</td>
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<td>- Increase community wealth or decrease poverty</td>
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<td>- Decrease unemployment</td>
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<td>- Decrease crime</td>
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<tr>
<td>- Increase community awareness of health or environmental preservation</td>
<td></td>
<td></td>
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<tr>
<td>- Increase community capacity or independence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Enhance local wisdom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 In the eye of the company (do the community empowerment activities help the company?)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Increase employee productivity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Reduce social risk and improve social performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Increase public trust, company reputation, and company relation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Increase competitiveness (receive awards related to CSR)</td>
<td></td>
<td></td>
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</tbody>
</table>
Local wisdom-based CSR activities are success based on two broad indicators, i.e., process and objectives. As a process, the indicators of such success can be seen in the forms of cooperation that exist between companies, local communities, and other related parties, which are reflected in participation [31] and sustainability [31,57,65]. As a result, the success indicators of community empowerment activities can be seen in the achievement of their objectives [31] and in an improvement in community welfare [57]. However, previous researchers have explained that the process of community empowerment is more important than the goal, because the process must be sustainable and comprehensive [13,34]. Therefore, this study discusses success indicators in the process phases before discussing them from the objective side of community empowerment activities.

During the planning stage, companies need to conduct social mapping [69]. This systematically identifies a community’s situation and condition by collecting information and profile data on the social problems that occur in a particular location [70]. The indicators of success in the local wisdom-based planning stage include the knowledge of the status of a community’s local wisdom and the level of community involvement in social mapping. Through such mapping, companies can determine the status of local wisdom by identifying socio-economic problems or local wisdom issues [34,57], can recognise stakeholders, and can understand the environmental, economic, and social potential of a community (local wisdom) [53,70]. Subsequently, companies can identify the targets, types, and levels of community empowerment that a programme needs [34].

Through social mapping, companies can also often obtain input on CSR activities that can be conducted [71,72]; on community empowerment stages that have occurred in the community [57]; or they can find local heroes [35,57]. With such mapping, companies can also decide whether to create new community empowerment activities or complement their existing ones. Such activities have often been undertaken by the government or the community itself. If community empowerment activities are already taking place, companies can identify how to expand them. For example, PT PLN Pembangunan Tanjung Jati B Jepara assisted KUB Berkah Samudra, which has conducted environmental conservation activities by providing training on the restocking of crabs [73].

Local heroes usually initiate community empowerment efforts that have been made by local communities. They are part of the local community and become the agents of change to improve its welfare. Local heroes find problems in their environment and initiate community empowerment according to their abilities, while companies only help provide training or funds to support the initiative. For example, PT Pertamina Integrated Terminal Tanjung Wangi assisted the Kampoeng Batara Program initiated by Widi Nurmahmudy (a local hero), by planting 1000 seedlings of raw materials for bamboo handicrafts [57].

Social mapping is undertaken by making observations, and conducting interviews, and/or focus group discussions with local communities [56,67,70]. If a community is actively involved in social mapping, it can produce various alternative community empowerment activities [74] suitable for addressing its problems. The alternatives to these activities are discussed and selected by the internal CSR team [71,72].

At the implementation stage, companies need to allocate their resources as well as those of the community, make product and process adaptations, then develop and adapt their product marketing if necessary [56]. Success indicators at the implementation stage are also in the form of community involvement [64]. Local communities know more about local wisdom, so that their involvement allows community empowerment activities to run well without opposition from other community members. Community involvement in the implementation stage can be in the form of cooperation in undertaking community empowerment activities or as a mediator in the relationship between companies and other communities [55].

Companies may need a community member, such as a local hero or village head, as a mediator to communicate their CSR activities to the rest of the community [71]. This is due to the cultural differences and local wisdom of the community [56]. Community members who become mediators can communicate CSR activities in ways that suit the local culture,
so that other community members can participate, which will enhance the success rate of the activities.

In the implementation stage of community empowerment activities, companies require a high tolerance of local wisdom. Implementing CSR activities may not turn out as expected because they may be incompatible with local wisdom [75]. Companies also need to continuously update their knowledge of the community’s current conditions and make changes to the planned CSR activities accordingly [72]. Therefore, companies should respect the values and choices of local communities and be open to variations in the implementation of CSR in community empowerment activities [22].

At the monitoring and evaluation stage, companies conduct surveys and/or focus group discussions with local communities to ascertain whether their CSR activities have been useful [8,22] and whether they should be continued [27,38]. Good relationships with local communities from the implementation stage increase the community participation in focus group discussions and help companies to understand local wisdom, meaning they will be more careful in communicating with local communities and receive better feedback from them. Therefore, the indicator of success for the monitoring and evaluation stage is community participation and its input at the focus group discussion stage.

As an objective, the success indicators can be seen in both the community and in companies. From the community side, success indicators can be seen in the achievement of community empowerment targets set by the company, for example, improving the community’s wealth [24]; reducing unemployment, crime, and poverty [8,33,34]; increasing the community awareness of health or environmental preservation [7,63,76]; increasing community capacity [8,35] and independence [33,56,77]; enhancing the community’s current local wisdom [69,78]. Moreover, some communities have been rewarded through CSR activities [77]. Overall, the success indicator of community empowerment is an increase in community welfare [9,68,79] which has an impact on increasing regional income [22,33].

From the company’s side, the indicators of the success of CSR activities can be seen from an increased employee productivity [24,56]; reduced social risks and improved social performance [23,56]; increased public trust [30,80,81], company reputation, and community and company relations [23,33,42]; increased competitiveness [56], as evidenced by the awards received by the company [11,31,82]. The most important indicator of success for companies and communities is the creation of shared values and sustainable growth [56]. In addition to these companies and communities, other companies not involved in CSR activities will also benefit from them and they can use such activities as inspiration when planning CSR activities [22].

One of the obstacles to CSR activities in the form of community empowerment is the lack of resources owned by a company [37], namely, funds and human resources [5,33]. There are two ways to overcome this obstacle. The first is through budgeting. If a company does not practise budgeting, CSR is only seen as an incidental cost; therefore, community empowerment activities requiring considerable resources cannot be conducted properly [35,83].

The second way is to collaborate with various other parties. By collaborating with the government and/or academics, companies can synergise their resources to create efficient and effective community empowerment activities [13,22,55,68]. Cooperation can start from the planning stage, the implementation stage, and/or the evaluation stage, for example, the cooperation between PT Pertamina, PLN, and the Ministry of SOEs in conducting social mapping in Plantera Agrotourism until the evaluation stage [22]; the assistance of academics in conducting social mapping for PT Pertamina [71]; the cooperation between PT Sido Muncul and expert consultants in the field of fruit in the implementation of the Spice and Fruit Village [56]; or the cooperation between the PT Indonesia Power Semarang Power Plant Unit and local government and academics in the evaluation stage [8].
3.3. Local Wisdom-Based CSR Practice

The discussion of CSR based on local wisdom practice in Indonesia is divided into three parts: CSR based on local wisdom, CSR that considers local wisdom, and CSR that uses local wisdom. That based on local wisdom consists of three concepts of activities, i.e., the divinity concept, balance concept, and social justice concept. CSR that considers local wisdom is tri hita karana, the sar culture (Merauke), tribal culture, alms culture, and Javanese philosophy, while that which uses local wisdom is the local wisdom that takes place in Kampung Laut, batik, and in other creative industry areas. The discussion is summarized in Table 3.

Table 3. Summary of local wisdom-based practice in Indonesia.

<table>
<thead>
<tr>
<th>No.</th>
<th>Category</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CSR activities based on local wisdom</td>
<td>Realising that everything in this world belongs to Allah, and that humans will protect the environment and love their neighbours (perform CSR); thus, profit will follow. CSR is not for profit, but because companies aim to make a profit, they are obliged to practise CSR.</td>
</tr>
<tr>
<td>a</td>
<td>Divinity concept</td>
<td>- Bauntung (Banjar culture) - Pancasila (first sila) - Islam - Catur purusa artha</td>
</tr>
<tr>
<td>b</td>
<td>Balance concept</td>
<td>- Tri Hita Karana (Balinese philosophy) - Banjar culture - hamemayu hayuning bawana (Javanese philosophy) - ngono ya ngono ning aja ngono (Javanese philosophy)</td>
</tr>
<tr>
<td>c</td>
<td>Social justice concept (Pancasila)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>CSR activities that consider local wisdom</td>
<td>Cleaning rivers for Hindu worship; planting trees for religious purposes; performing ceremonies before conducting CSR activities; building mosques and churches. Companies need to communicate politely to local communities. Companies need to perform strategic CSR. Companies cannot take resources from certain places. Local community cannot leave the forest. Companies have to take care of the environment in all possible ways.</td>
</tr>
<tr>
<td>a</td>
<td>Consider religion in local communities</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Consider culture to perform CSR</td>
<td>- Malaqbiq culture - bebrayan agung</td>
</tr>
<tr>
<td>c</td>
<td>Be careful with local wisdom</td>
<td>- Sar culture - Anak Dalam tribal culture - hamemayu hayuning bawana (Javanese philosophy)</td>
</tr>
<tr>
<td>3</td>
<td>CSR activities that use local wisdom</td>
<td>Support the creation of an effective batik industry ecosystem and develop batik motifs. Create a tourism village.</td>
</tr>
<tr>
<td>a</td>
<td>Development of Sekar Tanjung Batik</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Ecotourism (Panjang Island Ecotourism Development and mangrove ecotourism development in Kampung Laut)</td>
<td></td>
</tr>
</tbody>
</table>

3.3.1. CSR Activities Based on Local Wisdom

CSR based on local wisdom refers to the planning and implementation of CSR activities based on a certain local wisdom. The current concept of CSR activities remains fairly materialistic [28,84]. Freidman’s ethical concept explains that CSR only uses resources for activities that can increase profits [84]. Even if a company undertakes CSR voluntarily, its only goal is to increase profits. This approach needs to be improved using the concept of CSR based on local wisdom.

The concept of CSR based on local wisdom is divided into three concepts. The first concept is the divinity concept or integrated CSR. Integrated CSR means that companies make God the foundation for running their business (not just in CSR activities) [7,85]. All
business activities are directed to God, so that the companies’ business activities are also a form of corporate CSR and the CSR is an integral part of the companies’ business activities.

The concept of divinity in banuntu (the Banjar culture) is the same as the first principle of Pancasila and the concept of sharia in Islam. The first principle of Pancasila is the true deity. This principle reminds us that God is the first and the source of all things [84]. Similar to the first principle, the concept of sharia explains that Allah (God) is the real trust giver and the absolute owner of this world (haqiqiyah). At the same time, humans are temporary owners and trustees [30]. Realising that everything in this world belongs to Allah, humans will protect the environment and love their neighbours. By centering on Allah, companies will undertake CSR so that their profits will follow.

The concept of God and profit in banuntu, Pancasila, and Islam differs from the concept of catur purusa artha. This concept explains that humans have to achieve dharma, artha, kama, and moksa [10]. Dharma refers to the values, norms, and rules that have a source of consensus among humans themselves and from religious teachings. Artha is the property used for living purposes (profit), while kama is desire, and moksa is the achievement of eternal and everlasting happiness. Catur purusa artha teaches that humans may seek artha; however, the search for artha must be based on dharma, and artha is used not for the benefit of humans, but for fellow humans and the environment. Therefore, CSR is not for profit, but because companies aim to make a profit, they are obliged to practise CSR.

The second concept is the balance concept. As an integral part of companies’ businesses, Tri Hita Karana teaches that CSR activities are needed to maintain the balance between humans, nature, and God [29]. It is a philosophy of the Hindu community in Bali that teaches that in order to create happiness, the relationships with fellow humans (pawongan), relationships with the surrounding nature (palemahan), and relationships with God (parhyangan) must be balanced. In relationships between humans, people need to love, respect, and guide each other. This supports the implementation of community empowerment.

Banjar also has a culture that illustrates the balance concept (the triple bottom line) [82]. The people pillar is associated with batuah, an individual who can provide benefits to others and companies can benefit the local community by empowering it. Batuah can also mean a place considered useful for humans, associated with the planet pillar. To make the surrounding environment useful for the community, companies need to help it to preserve the environment. The profit pillar is associated with banuntu, which means that profits will come naturally if you obey God, are good to others, and protect the environment.

Humans need to maintain and preserve the environment in their relationship with it. This is in accordance with the Javanese philosophy of hamemayu hayuning bawana, which means making the world more pleasing [86]. To do this, humans must be protectors of the surrounding environment by undertaking environmentally-based CSR activities. With this concept, local communities can also sue companies that do not use natural resources properly and appropriately. In the relationship with God, humans need to practise CSR activities out of gratitude to God.

CSR activities are in line with the Javanese philosophy of ngono ya ngono ning aja ngono, which means responsible freedom [54]. Although companies can maximise their profits, they must still uphold their ethics. In addition, even though they can enjoy most of the profits earned, some of them must be shared with the community. This is to ensure the survival of the company and is a philosophy related to that of jer Basuki mawa beya, which means there is no success without effort. If the company wants to survive, it must strive to undertake social responsibilities that benefit the community and the environment.

The third concept is the social justice concept. CSR in Indonesia is based on the fifth principle of Pancasila, which is social justice for all Indonesians [62]. The word ‘social’ refers to two concepts: the social justice that must be shared by all Indonesians, and the sense of social justice which requires the government and society to share goods and services fairly. Because companies use resources (goods and services) that local communities should enjoy, they need to conduct CSR activities to give some of these resources back. Companies undertake such activities to distribute resources fairly, not merely to gain profits [84].
The fifth principle also indicates that companies must practise community empowerment as a part of their CSR activities. In distributing goods and services fairly, weak and marginalised parties must be protected and assisted in obtaining a fair degree of welfare [62]. As explained earlier, community empowerment activities empower weaker parties to create independence and improve their welfare. Through such activities, companies can replace resources that have been used with others that the community lacks (such as knowledge and skills) to also improve community welfare.

The second to fourth principles of Pancasila also teach about humanising people. The second principle, based on a just and civilised humanity, teaches that companies as economic organs should not ignore the human aspect of humanity. The third principle, the unity of Indonesia, teaches that companies must unite with the community to improve the welfare of the Indonesian people. The fourth principle, which is democracy led by wisdom, teaches that a reform of the current concept of CSR is needed in accordance with the spirit of democracy. The new concept of CSR must include humanist elements [84].

3.3.2. CSR Activities That Consider Local Wisdom

CSR activities that consider local wisdom are CSR activities that are undertaken carefully to appreciate local wisdom. This is based on the realisation that each region has local wisdom that needs to be respected and activities that do not respect local wisdom will be sanctioned by the local community [54]. Therefore, this study describes examples of local wisdom and CSR activities that consider such wisdom.

For religion-based local wisdom, companies can undertake religious and CSR activities. Examples of these are cleaning rivers for Hindu worship; planting trees for religious purposes; performing ceremonies before conducting CSR activities [7]; building mosques and churches [6]. In addition, religion-based local wisdom teaches that CSR is a form of worship; therefore, companies need to be proactive in practising it, they should not be excessively materialistic [10], and should conduct their CSR activities with care, transparency, and honesty [28]. If companies undertake responsibility activities in accordance with religious teachings, the community will feel their sincerity, thus, improving the companies’ relationships with it.

Some cultures and philosophies teach companies how to approach CSR correctly. The *malaqbiq* culture of West Sulawesi teaches noble behaviour, humility, and personalities with dignity. *Malaqbiq pau* means to speak well and use polite words while *Malaqbiq kedo* means polite and gentle behaviour and *Malaqbiq gaug* means leading a good social life [37]. Therefore, companies must be sincere, polite and well-spoken when communicating with local communities in the implementation of CSR.

The Javanese philosophy of *bebrayan agung* consists of *Ing ngarsa sung tuladha*, *ing madya Mangun Karsa*, and *tut wuri handayani* [54]. *Ing ngarsa sung tuladha* means that those at the front can be an example. *Ing madya Mangun Karsa* means that when in the middle, the company can be a driver to the front and a puller to the back. *Tut wuri handayani* means that when at the back, a company can encourage those at the front to move forward. Regarding CSR, all three concepts mean that to create value for a company and society, the environmental and social management needs to be a part of the company’s strategy, and that it needs to be active in empowering the community. This is related to the term ‘strategic CSR’.

This is a type of CSR that is a part of the company’s management governance [33]. It is also a part of the process of adding corporate value, which gives companies a competitive advantage [87]. This shows that CSR activities must be in accordance with the company’s general strategy to support the achievement of its vision and mission. CSR based on local wisdom should not only be in accordance with the needs of the local community, but also with a company’s strategy.

Companies need to be careful with some local cultures. For example, the *sar* culture in Merauke encourages people not to take natural resources from certain places for a given period of time [88]; the Anak Dalam tribal culture, in which local people cannot leave the
forest [80]; or *hamemayu hayuning bawana*, which teaches people to protect nature in any way possible [86]. If a company wants to explore the natural resources in Merauke or Java, it must take care not to infringe on the *sara* culture or *hamemayu hayuning bawana*. If a company wants community empowerment in the Anak Dalam tribe in Papua, it should not move the local community to another location.

3.3.3. CSR Activities That Use Local Wisdom

CSR activities that use local wisdom are ones that aim to empower the community. An example of such activities is PT Pertamina’s development of the local wisdom of the Tasikharjo village, namely, Sekar Tanjung batik. Pertamina has developed various collaborations to support the creation of an effective batik industry ecosystem, such as a batik house infrastructure, locations, natural dyeing training, and product marketing development. With Pertamina’s support, in addition to increasing community welfare, the local wisdom of the Tasikharjo village has also developed Sekar Tanjung batik motifs [27].

The most common community empowerment activity is community-based tourism. This is a tourism development activity managed by local communities with the principle of sustainability [43]. Common forms of such tourism are ecotourism and tourism villages.

Ecotourism, or sustainable tourism, is a form of tourism that is managed with a conservation approach, emphasising the importance of local communities and the tourism benefits to local communities [89]. Examples of ecotourism development undertaken by companies are the Panjang Island Ecotourism Development Program and the mangrove ecotourism development in Kampung Laut. These two ecotourism development programs were initiated due to concerns over the state of the environment. The activities of fishermen on Panjang Island were not environmentally friendly and were damaging the marine ecosystem. Kampung Laut has mangrove plants and unique flora and fauna that are almost extinct; therefore, a company (not mentioned in the article) began to practise CSR by first improving the environmental conditions and then developing educational tourism [73].

Ecotourism development is closely related to tourism villages. A tourist village is a form of integration between attractions, accommodation, and supporting facilities presented in a structure of community life that blends with the prevailing procedures and traditions [90]. After developing educational tourism, the previously mentioned company developed Kampung Laut’s tourism industry into a tourist village by adding lodging, transportation, typical Kampung Laut food, and typical Kampung Laut attractions [43]. This effort made Kampung Laut into a complete tourism destination and provided an extensive destination experience for visitors. On the other hand, the local communities also became more independent, the unemployment rates have fallen, and community welfare has improved [43]. Ecotourism and tourism villages use local wisdom to improve community welfare, while revitalising and developing that wisdom.

4. Discussion

As CSR is intended to have a positive impact on society, companies should take local wisdom into consideration when considering their CSR. Local wisdom is hard to measure; therefore, most research has used a qualitative approach to analyse it and its implementation in CSR. This systematic review confirms that there are limitations and gaps in the study of local wisdom-based CSR. Because most research is largely narrative and interpretive, the quality of the research discussions is not good as the number of Scopus indexed articles is so few. In order to be published in reputable indexed international journals, future researchers should pay attention to their research methods and forms/types of local wisdom [20]. The characteristics of Indonesia that are not widely seen in other countries include a diverse local wisdom; research into this could be attractive to foreign readers.

The number of local wisdom-based CSR studies is increasing, showing that the topic is relevant, although many aspects remain unresearched. For example, some types of local wisdom in Indonesia have not been discussed, such as folklore, ancient manuscripts and books. In addition, the spatial distribution shows that many regions have not been con-
sidered. Bali is the most researched region and Tri Hita Karana is the most famous culture included in the CSR research based on local wisdom, but other regions also have their own culture which should be considered when examining CSR. This gap could be because companies have not practised local wisdom-based CSR in the context of other religions/regions, or researchers have not conducted related research in such backgrounds. Therefore, companies should extend their activities to religions/regions, and future researchers should similarly cover these areas.

Companies undertake CSR activities to make a positive contribution to local communities and to consequently gain legitimacy from them. According to local wisdom, companies should practise CSR in the awareness that God is the ultimate owner of the world; therefore, humans need to preserve the environment and create social justice by empowering the community [30]. The purpose of CSR is not to increase profits but as a form of accountability to God. Profit and legitimacy will follow with the best efforts of companies; therefore, these should not be the focus of CSR.

In addition to using local wisdom as the foundation of CSR, companies can use it to practise CSR by utilising and developing local resources, while being cautious of such wisdom. CSR that uses and develops local wisdom can empower the community and to be impactful on local communities, companies should involve them at every stage of its community empowerment, from planning, to monitoring and evaluation. Limited resources should not be a hindrance to effective community empowerment, which should also be a part of the company strategy. By taking a strategic approach, companies can determine what activities they have the resources to devote toward being socially responsible, and they can choose those which will strengthen their competitive advantage. In addition, the Indonesian government launched the Merdeka Belajar-Kampus Merdeka policy to encourage collaboration between companies and universities [91]. Companies can collaborate with universities to develop company empowerment and this synergy has both a CSR-positive impact and solves the problem of limited resources.

5. Conclusions

This research used 74 studies on local wisdom-based CSR in Indonesia to establish the concept and form of such responsibility. To conceptualise the notion, the study first gave definitions of CSR and local wisdom. The concept of local wisdom-based CSR was linked to community empowerment and the importance of local wisdom in every phase of community empowerment was discussed. Subsequently, the study discussed the CSR based on local wisdom practices in Indonesia.

Local wisdom-based CSR activities are influenced by, rooted in, and compatible with the local wisdom of the community where the CSR is practised, while also allowing the community to develop its wisdom. Community empowerment activities are the CSR activities that most require local wisdom. By focusing on such activities, this research has highlighted that they can work well if companies have a clear understanding of the local wisdom of the local community. To understand the local wisdom, companies must involve local communities at every stage of the community empowerment process.

Having explained the concept of local wisdom-based CSR, the study explored the related forms that companies in Indonesia have demonstrated. In accordance with the concept, the forms of local wisdom-based CSR were divided into three types: CSR based on local wisdom, CSR that considers local wisdom, and CSR that uses local wisdom. These three forms can be emulated by other companies in Indonesia, thus ensuring that their CSR activities will have a positive impact on them and on society.

The implication of this study is for companies which want to perform CSR activities. This study shows that companies have to induce community empowerment and involve local communities in all stages of that community empowerment. The checklist in Table 2 can be used as a guideline to evaluate a company’s community empowerment activities. Companies can also use the examples of local wisdom-based CSR in Section 3.3.3 as a guideline to perform CSR activities. By using this study as a guideline for enacting
local wisdom-based CSR, companies can be successful in performing local wisdom-based CSR activities.

Based on this research, future studies can use the concept of local wisdom-based CSR as a theoretical concept. As community empowerment is regarded as the closest CSR to the local wisdom concept, future studies can categorize community empowerment as local wisdom-based CSR. Future studies can also use the categorization of local wisdom-based CSR practice to perform local wisdom-based CSR research. Evaluating the success rate of CSR activities can be a new research idea for researchers. Although the background of this research is only in Indonesia, the checklist in Table 2 is general and applicable to other countries.

This systematic review paper still has several limitations. First, this systematic review used Google Scholar as the main database and the use of Google Scholar can compromise the level of article quality. Although this paper argues that Google Scholar was the most usable database in this paper and a quality check with the SINTA index was performed, it is undeniable that the quality of the articles used was not as good as the articles in a well-known database. Future researchers can use a well-known database only in performing a systematic review of local wisdom-based CSR if the data are available. Second, this paper only used research with an Indonesian background. Future researchers can use other countries as a research background and compare their results with this paper’s results.

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