Pentagraph responsibility and PROPPER Mechanism as Panacea for CSR in SMEs: Spiritual and Indonesian cultural approach

Dhina Mustika Sari[1*], Unti Ludigdo[2], Ananda Sabil Hussein[3], Yeney Widya Prihatiningtias[4]

[1,2,3]*Brawijaya University, Indonesia.*

Corresponding author: Dhina Mustika Sari (*Email: dhina_sari@student.ub.ac.id*)

Abstract

This research aims to construct the concept and mechanism of CSR in SMEs by internalizing the philosophical values of Indonesian Pancasila, encompassing spiritual and cultural values. A qualitative study was employed and utilized Hegel's dialectic approach for data analysis. This research generates the Pentagraph Responsibility concept, which consists of the values of spirituality, care, and liberty, loyalty, democracy, and fairness. Spirituality is the highest value that serves as a reference for all interrelated values. This concept is operationalized through the PROPPER mechanism, which consists of prosperity, people, planet, and partnership. The involvement of Gotong Royong (mutual cooperation) as a cultural value in this mechanism reflects the systemic strength of SMEs. Given its voluntary nature, prior studies have found how spirituality and cultural values influence CSR initiatives in SMEs. This study has generated the framework of Pentagraph Responsibility and the PROPPER mechanism, both of which integrate these values. This finding provides a value-oriented framework for CSR practices, promoting more holistic accountability. The existence of appropriate concepts and mechanisms for SMEs might enhance awareness and encourage the implementation of CSR in SMEs.

Keywords: CSR, Culture, Spirituality.

1. Introduction

The implementation of Corporate Social Responsibility (CSR) can be applied to any company at any level, including Small and Medium Enterprises (SMEs). In reality, environmental damage and social demoralization are caused by large business operations but also by SMEs [1, 2]. Lack of resources, low commitment, lack of knowledge, passive customers, and lack of regulation inhibit SMEs from implementing CSR [3]. These limitations often justify not implementing CSR at the SME level [4]. However, CSR initiatives should be implemented by adjusting their characteristics and capabilities. In general,

SMEs in Indonesia face the same realities as those faced by SMEs in developing countries [5, 6]. Government regulations related to the implementation of CSR are only required for companies in the natural resources sector. Guidelines related to CSR mechanisms at the SME level are not specifically available as an effort to control the negative impact of company operations.

Triple Bottom Line has become a reference for modern CSR practices that include economic, social, and environmental elements, better known as profit, people, and planet (3P) [7]. This 3P concept then became the basic concept of CSR implementation and reporting. However, this concept is incompatible with being implemented at the SME level for several reasons. First, the concept is sophisticated for SMEs with organizations and governance systems that are simpler. CSR practices are often considered a luxury that only large companies can afford [4, 8]. This complex mechanism might influence SME's perspective in a way that contributes to their reluctance to comprehend and adopt CSR practices. Therefore, there is a need for a more suitable mechanism to underlie CSR practices at the SME level. Secondly, an intense capitalist value system diminishes altruism and responsibility. In fact, the 3P concept is inseparable from a business-oriented approach, which is believed to serve as a shield for capitalism. CSR is only an attempt by companies to protect themselves from the image of capitalism because this concept is formed and supported by the values of capitalism [9, 10]. There is a contradiction in the purpose of CSR itself because, on the one hand, it claims to reduce self-interest and care for local communities, but on the other hand, it legitimizes the company's self-interest by maximizing profits [11]. This concept does not define how to integrate and encourage change in organizational values but rather prioritizes economic exchange and ignores sustainability goals [12]. Profit as the central value in the 3P concept drives CSR practices, suppressing the altruism value of CSR [11, 13]. It also causes the people and planet dimensions to seem only as a complement to support the achievement of financial performance through a good business reputation. Spirituality needs to be presented as the core value of the CSR concept. The value of spirituality is an important factor that determines a person's behavior and mindset, including influencing how a decision is made in a business entity [14-16].

SMEs are close to the values of life that become the intrinsic value of the entity. The people's economy that characterizes Indonesian SMEs is an economic concept that is based on a socially just market mechanism, and involves the community in a fair development perspective [17]. This perspective of the Indonesian economy is not viewed materialistically but involves morality as a reflection of CSR. The representation of the people's economy in SMEs shows that the concept of CSR must be aligned with the characteristics of SMEs that prioritize fair and civilized social welfare, with the source of spirituality as a *core value*. *Pancasila* is a cultural philosophical value that meets the criteria of values in accordance with the SMEs in Indonesia. *Pancasila*, as the nation's philosophy of life, should ideally be a moral reference in life activities.

CSR initiatives of SMEs are influenced by the owner/manager's awareness aspect [18, 19]. It is suggested that this aspect could be enhanced through the integration of spiritual and cultural values into the CSR conceptual framework. However, previous studies have yet to provide a comprehensive conceptual model of CSR that integrates these values systematically. This study aims to develop a conceptual framework for CSR at SMEs, including its practical mechanisms, in a spiritual and cultural approach. This research focuses on how the CSR concept and mechanisms at SMEs can be constructed by internalizing the philosophical values of *Pancasila*, which reflect spiritual and cultural philosophy. To accomplish this, a qualitative study was conducted using a participant-based method. The data obtained from participants were analyzed using Hegel's dialectical method, which advances notions through the stages of thesis, antithesis, and synthesis. This philosophical approach will construct the conceptual framework and mechanisms of CSR in SMEs.

2. Literature Review
2.1. The Role of Spirituality as a Core Value of Responsibility in CSR
The world of business, economics, and society requires wealth based on ethics and values more than just financial gain. Spiritual capital is defined as a capital consisting of values, beliefs, and motivations to contribute to individuals' and communities' well-being. It goes beyond the traditional concept of material wealth and focuses on the intrinsic value derived from spiritual and ethical considerations [20]. Spiritual Capital Theory (SCT) provides a deeper foundation for business and economic practice that emphasizes social welfare.

This theory explores the role of values based on religiosity, ethics, and moral principles in individual decision-making, business, and social transformation [21, 22]. The value of spirituality would direct every thought and behavior, whereas every decision and action made would refer to religious, ethical, and moral values. In a business context, managers and business entities need to involve spiritual values in every strategy set. This theory is popularly known as "purpose over profit", and illustrates that profit should not be interpreted only as a financial achievement but rather as a means of ethically providing broader benefits [20].

Spiritual value determines attitudes, behavior, and perspectives influencing decision-making in the business context [14, 15, 23]. SCT states that to foster social trust, entities are required to cultivate relationships in mutual respect; thereby, a social network between organizations and communities could be established [24-26]. The CSR initiative illustrates the fulfillment of spiritual values as core values in business practices. In line with SCT, businesses should prioritize holistic and relational economic approaches as catalysts to attain sustainability in modern economics [20, 22]. Posits spiritual value as a core value in CSR practices is essential, as these values serve as the basis for such responsibility [27-29]. SCT encourages CSR initiatives as part of the realization of the involvement of spiritual and moral values in business.

2.2. The Value of Pancasila in CSR: A Cultural Approach
The discourse of CSR practices at the SME level has been developed, and it was found that the pattern of such responsibility at this level is also determined by cultural context and geographical factors [18]. As part of a social category

rooted in society's cultural and social structure, developing better welfare policies requires an understanding of these cultural and social structures and conditions [30]. Construction of SMEs' CSR concept needs to involve personal values and altruism because the basic mindset is based on a sense of empathy that arises from awareness. The CSR practices are based on the business owner's awareness as personal intentions in understanding the fragile social and environmental conditions, and understanding that protection against this is important. Awareness is a primary dimension for CSR realization at the SMEs [18, 19]. Awareness of CSR practices emerges more easily through familiar concepts that refer to the cultural dimensions of human life.

Pancasila is the nation's view of life and philosophy, which is extracted from Indonesian cultural values. It consists of five principles that include spiritual values and universal values beyond spirituality that align with ethical values. The following is a description of the precepts in *Pancasila* [31]:

1. Almighty God, including intrinsic values as follows: belief in God Almighty, mutual respect for religion and beliefs, developed association and cooperation, and developed an inclusive ethic of divinity and spirituality in life.
2. Fair and Civilized Humanity, including intrinsic values as follows: recognizing and respecting the equal status, rights, and obligations of fellow human beings, developing a sense of humanity and ethics, promoting truth and justice to uphold human dignity, and developing mutual respect and cooperation with other nations.
3. Indonesian Unity, including intrinsic values as follows: exhibited national loyalty through protecting the nation (humans) and its land, and promoted the spirit of *gotong royong* (mutual cooperation) and cross-cultural friendship.
4. Democracy Led by Wisdom in Representative Consultation, including intrinsic values as follows; respected the aspirations, interests, and differences insights of the people by enhancing the democratic system, prioritizing deliberation in decisions-making, accepting and implemented the outcomes of deliberation with sincerity and a sense of responsibility, and demonstrated responsibility in the execution of public roles.
5. Social Justice for All Indonesian People, including intrinsic values as follows: developing joint businesses based on helping each other, pursuing for fair economy and shared prosperity, effective resources utilization, and willingness to collaborate, engage in innovation, and appreciate the contributions of others.

These intrinsic values align with the principles of sustainability in CSR practices. This alignment underscores the relevance of internalizing *Pancasila*'s values in the construction of CSR concepts and mechanisms, as it holistically encompasses both spiritual and cultural dimensions.

The internalization of *Pancasila* is appropriate as the philosophical basis concept of CSR for SMEs in Indonesia due to several factors. First, *Pancasila* is the nation's philosophy of life, which should be the soul of every life activity. This is included in terms of CSR because the purpose of implementing CSR is in line with the values of awareness in *Pancasila*. *Pancasila* is a form of local wisdom involvement that reflects the cultural context in the concept of CSR proposed for SMEs in Indonesia. One of the determining factors of the concept of responsibility is the cultural dimension [18]. Second, *Pancasila* refers to the value of spirituality, which is integrated with humanism, democracy, equality, and social justice. Spirituality was found to play an important role in driving the implementation of CSR [8, 27-29, 32].

3. Data and Methodology

This study is qualitative research conducted based on participants, where all observations of events, experiences, knowledge, thoughts, and expectations of participants form the basis for constructing the concept of CSR at the SME level. The research participants are divided into five categories: *Pancasila experts*, organizations involved in CSR affairs, SMEs, the government, and society. There were eight participants representing the five categories, as provide in Table 1, where the data collection method through interviews was conducted in a combination of offline and online.

Table 1.
The Demographic Profile of The Participants.

No	Name of Participants (replaced by code 1-8)	Gender	Activities	Participant Categories
1	P-1	Male	- Philosophy of *Pancasila* scholar - Activist in religion and national affair	*Pancasila's* Expert
2	P-2	Female	- Legal scholar - CSR Practitioner	organizations in CSR affair
3	P-3	Female	- Economics scholar - CSR Practitioner	organizations in CSR affair
4	P-4	Female	- Philosophy scholar - Community and environmental activist	*Pancasila's* Expert
5	P-5	Male	Manager	SMEs
6	P-6	Female	Owner/manager	SMEs
7	P-7	Female	Member of The House of Representatives of Republic Indonesia in Economics Affair	Government
8	P-8	Male	Entrepreneur	Society

The in-depth interview process was conducted for 50 to 90 minutes for each informant, with 1 to 3 interview sessions using open-ended questions. To ensure validity, source triangulation was employed through interviews with two participants in the same category and/or by repeating the interview process. Validity was confirmed once the information gathered sufficiently met the information needs and demonstrated consistency across responses to comparable questions. The outline of the interview framework includes the following themes:

1. Conceptual and practical knowledge of CSR
2. Insight and notions regarding the CSR initiative
3. Experience in CSR practices
4. Regulations regarding CSR in Indonesia and its actual practices
5. Personal insights into the awareness and commitment toward the CSR initiative
6. Perception of the potential, expectations, and implementation of CSR in SMEs
7. Exploration of the philosophical values of Pancasila contained in each principle
8. Discourse on grounding Pancasila values in action
9. Relevance and ideas for elaborating Pancasila with the CSR initiative

The analysis and construction process is carried out using Hegel's Dialectical method based on the idea that social thought will continue to experience dynamic movement [33]. Hegel's Dialectic method can be used in concept construction, particularly within studies of spirituality, ethics, and culture, as a framework for developing and refining ideas through the process of thesis, antithesis, and synthesis [33]. Hegel's dialectic contrasts thesis and antithesis, which then generates synthesis. The reality found is linked to the thesis regarding the concept of CSR. The antithesis process regarding the concept of CSR, more specifically, CSR in SMEs, is carried out at this stage. The identification of critical points of the CSR concept is further synthesized to be articulated in the construction process. Unlike previous studies, this research employs Hegel's Dialectic as it facilitates the gradual and systematic development of concepts rooted in the reality of conflict and oriented toward resolution.

4. Findings

4.1. Summary of Interview

The interview findings are divided into four themes: the meaning of CSR, CSR experience, criticism of CSR, and concept construction. The questions posed were designed to refer to these themes to ensure the participants' responses align with the interview's purpose. In general, based on the interview, CSR is interpreted in two contexts: CSR as a philanthropic activity and CSR as an ethical business process. As stated by P-2, the following:

"CSR is translated into two perceptions, namely philanthropy and business processes. In philanthropic activities, the realization of CSR is in the form of donations or other charitable assistance. If as a business process, then CSR is reflected in how the company operates".

However, not all informants interpret CSR in both contexts. CSR is only interpreted as a charity activity, as stated by P-8:

"CSR is a company program that is usually in the form of assistance, such as donations or in the form of social activities".

Meanwhile, on the experience theme, it was found that CSR practices have been mostly realized in charity activities. Nevertheless, it was observed that several SMEs have integrated the fundamentals of CSR value within their business processes, as stated by P-6:

"We build a dye waste disposal system and how to reduce it by innovating the dye materials from natural dyes. We also involve the surrounding community in the production process. We also collaborate with other SMEs to provide food processing training and woven product creation to create their economic independence".

Regarding the theme of CSR criticism, several arguments were identified. The fundamental criticism pertains to the ineffectiveness of CSR initiatives, which are predominantly driven by economic interests. This tendency is reinforced by the prevailing concept of CSR, which is based on economic interests, leading to more symbolic CSR being implemented than substantive CSR. Here is P-3's statement that represents this view:

"In current CSR practices, the economic aspect becomes most important than other responsibilities, including social responsibilities. CSR would be addressed if economic responsibilities have been achieved. If there is no effect on the company's profits, it is not carried out, even though the community needs it. Or, they only get leftover funds, so it is as it is, it doesn't really reflect a commitment to being responsible".

The construction of the CSR concept based on *Pancasila* cultural values is established based on the extraction of values that refer to the interview results. Here are some of P-1's statements related to *Pancasila* cultural values:

"Harmony in life can only be achieved if we can develop spirituality that is directed in three directions: the relationship between humans and God, humans and other humans, humans and nature".

This P-6's statement represents the value of spirituality and culture (*gotong royong*) in CSR for SMEs:

"Pancasila values talk about the values of mutual cooperation, values of sharing, spirit of service or sacrifice and all of us are God's creatures who are created equally, are encouraged to help each other. Those are the values that underlie CSR, underlie the business world, so Pancasila values underlie moral economy."

"Pancasila culture reflects the values of relational relationships that include ethical-spiritual values that are humane, egalitarian, independent, have integrity, have a positive work ethic, are creative, are able to establish unity (gotong royong) with a spirit of service".

4.2. The Concept vs Reality of CSR Practices: A Critical Dialectic

CSR in business entities is philosophically grounded in ethical principles. Business activities should not focus solely on profit but also on the integration of the entity with the surrounding community and environment. CSR could be defined as a form of ethical obligation and contribution to creating a better social and environmental quality of life, especially those related to and around its business operations. The 3P has become a popular concept in CSR practice. Profit is set as the basis of every business activity achieved through increased productivity and cost efficiency. People refer to the community as part of the stakeholders, where the company is responsible for this group because of the need for support from the community to maintain the principle of going concern and the progress of its business activities. Planet refers to the environment, where every business activity considers environmental preservation and maintaining the availability of resources. This concept has negated God to such an extent that instead CSR should have philanthropic value, and this value is inseparable from spirituality. Profit is the core value where only profitable CSR programs will be realized. The influence of capitalism in the prevailing concept of CSR creates misalignment with the characteristics of SMEs.
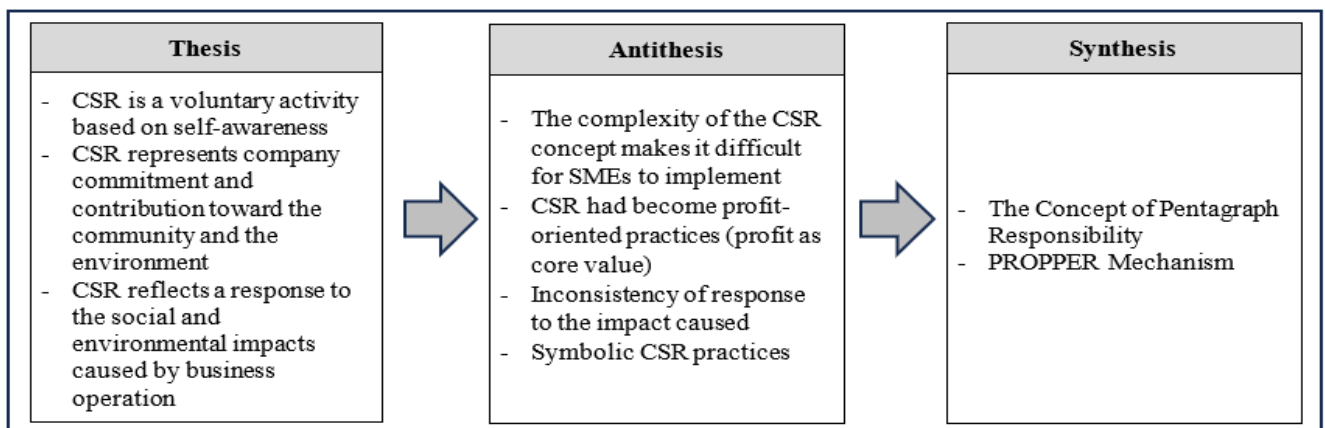
CSR practices are distinguished in two contexts: philanthropy and business processes. These meanings determine how CSR goals and strategies are implemented. The two contexts also refer to different goals, where the philanthropic context is more about short-term objectives, while business processes are aimed at long-term impacts. In reality, CSR is often implemented through charitable programs that provide short-term initiatives, which are substantively misaligned with actual needs. Through this approach, the company gains additional benefits by enhancing its image to attract consumers. Economic responsibility is a domain that must be fulfilled before addressing other elements of responsibility. In this case, the community and the environment are explored but are given returns not aligned with the actual impacts. As a matter of accountability, CSR initiatives require stakeholder engagement to identify the consequences of business operations and the solutions needed. In fact, companies often establish CSR programs through scenarios created without involving stakeholders. This symbolic CSR reflects that CSR implementation is often contradictory to the balanced value expected from the responsibility process. Greenwashing practices allow the company to develop a sustainable image, whereas the actual intention is merely for "make-up." CSR initiatives are often driven by the desire to enhance reputation and gain competitive advantages instead of moral motivation. It creates the illusion of CSR without genuinely addressing the impacts and issues involved.

The factual antithesis of CSR practices leads to the concept of misalignment in its balancing role. Symbolic practices that position CSR as a complement and part of a strategy to improve corporate reputation are widely practiced. Through CSR practices, companies prioritize public relations, marketing, and reputation management over actualizing real and impactful social or environmental change. It creates the illusion of corporate responsibility without genuinely addressing the impacts and issues arising from the company's operational activities. CSR practices are not positioned as long-term investments but rather as profit reductions. The lack of awareness and concern for a sense of responsibility is driven by an excessive focus on the economic growth of owners and investors. This condition results in the non-realization of the meaning of sustainability in CSR, rendering the initiative merely cosmetic. Consequently, it creates a contradiction between the concept of CSR and the reality of its implementation.

5. Discussion

5.1. Pentagraph Responsibility: Acculturative Value-Oriented CSR

This study employs Hegel's dialectics as an approach to constructing the concept of CSR in SMEs, incorporating both spiritual and cultural approaches. The analysis process constructs the Pentagraph Responsibility and PROPPER Mechanism as a synthesis of thesis and antithesis discourses. The essence of the research in Hegel's dialectics scheme is presented as follows:

Thesis
- CSR is a voluntary activity based on self-awareness
- CSR represents company commitment and contribution toward the community and the environment
- CSR reflects a response to the social and environmental impacts caused by business operation

Antithesis
- The complexity of the CSR concept makes it difficult for SMEs to implement
- CSR had become profit-oriented practices (profit as core value)
- Inconsistency of response to the impact caused
- Symbolic CSR practices

Synthesis
- The Concept of Pentagraph Responsibility
- PROPPER Mechanism

Figure 1.
The Scheme of Hegel's Dialectic for CSR in SMEs.

The construction of Pentagraph Responsibility is an effort to restore the role of *Pancasila* as an ideology and a guide to life in every aspect of Indonesian society. The cultural approach through the internalization of *Pancasila* on the concept of CSR in SMEs is an effort to make this concept more familiar and inherent to the SME community. Pentagraph Responsibility is derived from each precept in *Pancasila*, where each value is integrated. The five values are the values of spirituality, care

and liberty, loyalty, democracy, and fairness. Spirituality serves as the highest and most fundamental value in shaping the broader concept of value. Spirituality also serves as a fulcrum that pivots every aspect and dimension of life [31]. This transcendental relationship will shape the mindset and behavior of individuals in three main relationships, namely divine relations (humans with God), social relations (humans with fellow humans), and natural relations (humans with the universe). The value of spirituality determines a person's attitude, behavior, and mindset, so in a business context, this affects how business decisions are made [14, 15]. The discourse of the value of spirituality in Pentagraph Responsibility is divided into four principles, i.e., religiosity, self-awareness, trustworthiness, and tolerance.

The practice of CSR illustrates the fulfillment of spirituality as a form of vertical responsibility in Pentagraph Responsibility. Based on SCT, business practices need to prioritize holistic and relational economics as a catalyst from modern economics to realize a sustainable economy [20, 22]. In its implementation, the relationship of spirituality in SMEs' CRS concept based on *Pancasila* includes (1) conducting business by religious values, (2) ethical decisions-making, (3) being committed to sustainability practices, (4) being sensitive and responsive to the prevailing culture, and (5) maintain good relations with stakeholders.

The nature of humans as social beings leads to the need for communal interaction. Care and liberty are distinguished by two interpretations. Care describes the commitment of business entities to serve ethically, responsibly, and to provide benefits for society and the environment. Liberty reflects the absence of hegemony in human interaction, where no party holds power over the other. The value of care and liberty includes three principles: empathy, compassion, and equality. This value represents horizontal responsibility, embodied in the spirit of *gotong royong* (mutual cooperation). The implementation of care and liberty within the *Pancasila*-based CSR concept includes (1) developing a comfortable and inclusive environment with a high sense of kinship for stakeholders, (2) supporting future generations by fostering innovation, (3) developing effective philanthropic activity mechanisms (for short-term solutions), and (4) being responsive and helpful.

Loyalty as part of moral and ethical values is an element that needs to be involved in CSR practices. Integrating loyalty will lead to the entity's commitment and consistency in conducting its business within moral and ethical corridors through CSR initiatives. CSR practices require a long-term commitment to environmental preservation and sustainable practices, thus requiring systematic design and stakeholder engagement to ensure that the programs implemented are relevant and impactful [34]. This principle also includes ensuring that business practices are aligned with global sustainability goals, such as the Sustainable Development Goals (SDGs). Loyalty includes the principle of commitment and consistency of entities to run their business in moral and ethical corridors through CSR initiatives. The implementation of the loyalty in the concept of *Pancasila*-based CSR for SMEs includes (1) developing long-term relationships with stakeholders, (2) contributing in national economic growth, (3) commitment and contribution to the protection and preservation of natural resources, and (4) contribute in realizing SDGs.

Democratic values emphasize inclusiveness, participation, fairness, and accountability in decision-making in corporate practices. CSR in SMEs ideally involves collaborative practices between entities and stakeholders to create optimal sustainability impact [4]. The value of democracy in the concept of CSR means that businesses consider various perspectives and ensure that all stakeholders are involved in the decision-making process. There are two principles included in the value of democracy in the concept of CSR i.e. deliberative and impartial principles. The implementation of democratic values in the practice of CSR includes: (1) opened access for dialog between SMEs and stakeholders, (2) decision-making related to CSR initiatives is carried out through deliberative mechanisms for consensus, (3) open dialog is carried out regularly, both in the CSR design process and its evaluation.

The value of fairness refers explicitly to the quality of economic welfare. Fairness is a moral value that states that all people have equal opportunities and access to resources, regardless of differences in background, ethnicity, religion, or social status [35]. It also refers to the equal opportunity to explore potential, realize it and contribute to realizing universal harmony and welfare. There are two principles in fairness value i.e. the principles of fairness and prosperity. The implementation of fairness in CSR practices could include the following: (1) develop opportunities for partnerships or business cooperation with communities around the company, (2) develop employment opportunities for people around the place of business, (3) encourage shared economic value, (4) establish cooperation in the implementation of CSR with large companies by *cascading* mechanism, (5) create innovation and creativity in business processes that support environmental preservation with the community, (6) encourage improvement in life quality through vital sectors such as health, education, and community development.

Responsibility in Pentagraph Responsibility is bound by vertical and horizontal ties. The vertical bond illustrates the transcendental responsibility in the value of spirituality. Meanwhile, the horizontal bond illustrates the responsibility to fellow humans and the universe (homeland) in the value of *gotong royong*. The concept of Pentagraph Responsibility in CSR is an effort to integrate the value of spirituality in business organizations. It refers to the SCT that views spirituality as an asset rather than an additional element that illustrates a significant reorientation of the meaning of organizational performance [22]. Spirituality as the center of accountability provides a panacea for the concentrated value of capitalism in the popular concept of CSR.

The values in Pentagraph Responsibility integrated each other because *Pancasila* must be seen holistically, as each value could not be understood partially. Overall, these values refer to spirituality as a fundamental value. The value of *gotong royong* in the concept of Pentagraph Responsibility is a form of horizontal responsibility that leads to communal relations in social and ecological structures. The essence of this value is also derived from the value of spirituality as a form of mutual respect, assistance, and support for one another. This value is the core value of *Pancasila*, which prioritizes cooperation, mutual assistance, and emphasizes solidarity [31]. This character is rooted in the Indonesian culture and refers to the nature of humans as social beings. The culture of *gotong royong* acts as an inherent element in the interaction of care and liberty,

loyalty, democracy, and fairness. Value-oriented CSR practices encourage the formation of networks between business entities and their stakeholders based on mutual respect and equality [25]. The Pentagraph Responsibility framework involves the value of *gotong royong* as a social bond that optimizes the synergy of business entities with society for a more inclusive impact. The value of *gotong royong* root from Indonesia's local wisdom provides a panacea for the complexity problem of the popular CSR concept, thus evaluating the potential of CSR implementation in SMEs.

5.2. The "PROPPER" Mechanism: CSR Practices for SMEs

The discourse on the concept of CSR is not only in the conceptual realm but also on how this concept is actualized. The implementation of specific CSR programs cannot be standardized because each company has different characters and contextual factors. The implementation of CSR at the SME level is perceived as too complex and burdensome. In this study, the mechanism of CSR in SMEs based on the concept of Pentagraph Responsibility is described in four aspects i.e. prosperity, people, planet, and partnership (PROPPER*)*. This aspect reflects the Pentagraph Responsibility which is the foundation of value for each mechanism. The PROPPER mechanism is a form of *Pancasila* acculturation scheme in the business aspect that stands as an inherent concept with Pentagraph Responsibility as the value foundation (Figure 2). This is in line with the prior research, which states that the practice of CSR should be developed with a value orientation, which is the main motivation for this responsibility initiative [29].
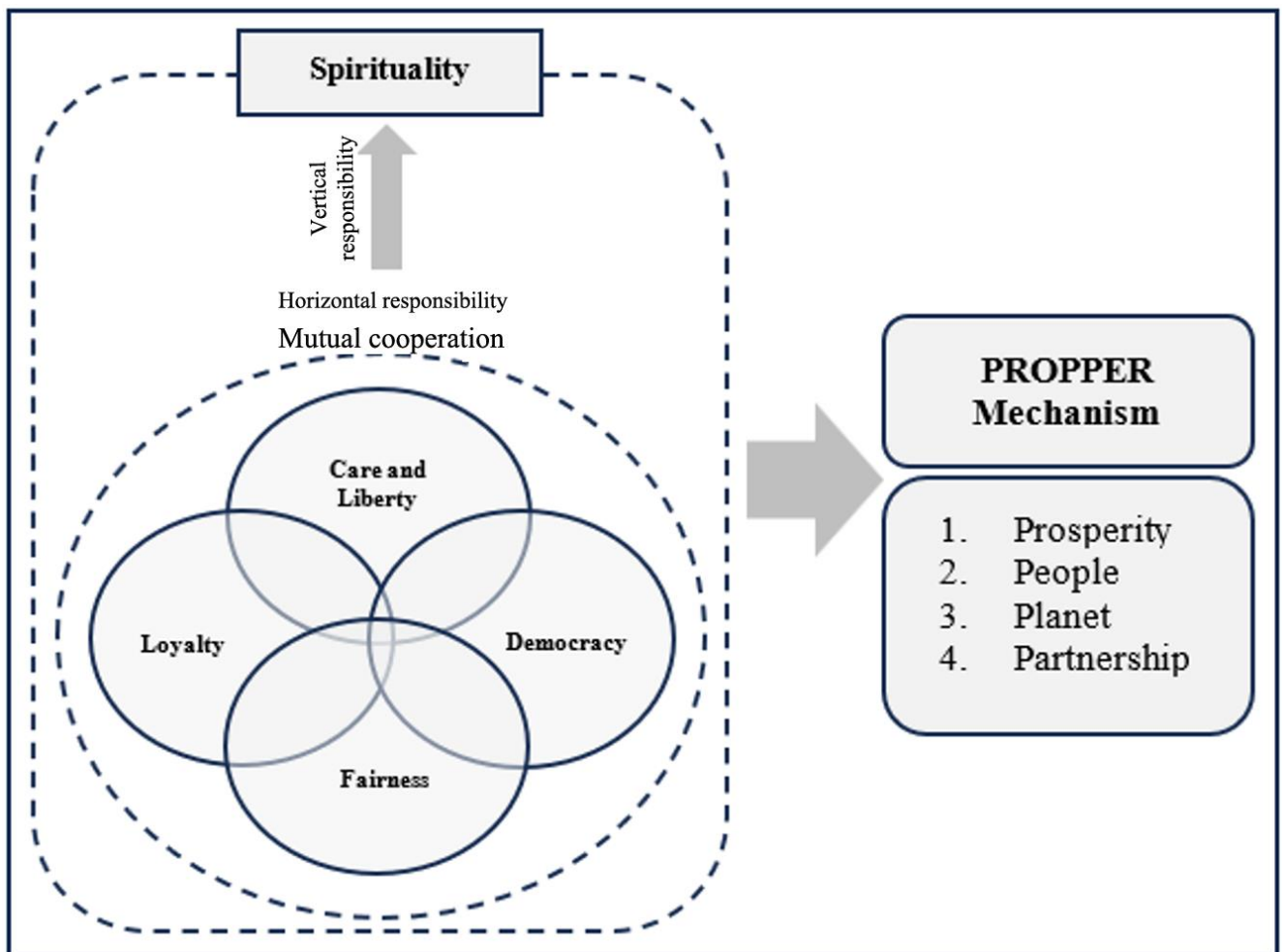
Figure 2.
The Pentagraph Responsibility and PROPPER Mechanism for CSR in SMEs.

The PROPPER mechanism emphasizes CSR practices in business processes that have a long-term impact. Philanthropic CSR tends to have a short-term impact and requires a specific funding budget, while one of the constraints of SMEs is limited financial resources. The PROPPER mechanism provides solutions to the factors that underlie the perception that CSR practices are burdensome and excessive for entities at the SME level. Each aspect synthesizes several values that are transformed into CSR practices.

The prosperity aspect illustrates that CSR practices are implemented to achieve shared prosperity. The term prosperity refers to the economic well-being that is not only expected for the business entity but also for stakeholders [36]. Prosperity includes achieving economic growth for the company, employees, suppliers, and other social communities around the entity. The focus of this aspect is to create systems and structures that are beneficial in the long term for everyone, including ecologically. Prosperity could be realized through job creation, ethical and humane payroll systems, economic empowerment

of surrounding communities, innovation, and other ethical practices that improve economic welfare. Prosperity emphasizes a commitment to collective economic growth through strengthening the company's economic potential with the community [37]. An important element of prosperity is the establishment of independence, where so far, the practice of CSR appears to be a one-way activity from business entities to the community. In the PROPPER mechanism, prosperity involves the community to jointly achieve economic welfare by increasing community empowerment to achieve economic independence.

Prosperity presents profit with a more comprehensive and ethical value. Business schemes are designed not only to emphasize owner profits but also to provide wider benefits to the social community. As the Pentagraph Responsibility concept underpins this mechanism, financial gains are achieved ethically, responsibly, and inclusively. Prosperity is more appropriate for SMEs because the meaning of this aspect aligns with the relational value between SMEs and society. The dependency between SMEs and the surrounding community is complex and dynamic, so the prosperity mechanism implies the value of sustainability to address this. The prosperity aspect includes four principles: (1) collective economic growth with ethical and sustainable business processes, (2) maintaining a balance between quality of life (economic welfare) and environmental management, (3) creating inclusive economic opportunities, and (4) developing innovation.

The success of a business depends on its employees, customers, suppliers and communities. The people aspect reflects CSR practices implemented emphasizing on concern for human equality [38]. Commitment to human resources through awareness of the importance of human welfare places this aspect as part of the CSR mechanism in SMEs. Based on Pentagraph Responsibility, the people aspect encourages attention to social aspects of business activities. Interactions in this reality are dynamic and complex, potentially causing conflicts, such as human rights issues [39]. Awareness and concern for the social environment could increase the value of trust between entities and society. CSR practices in the people aspect illustrate a commitment to creating a positive social impact. People prioritized in business would encourage a more productive workforce, increase customer loyalty, create ethical supply chains, and long-term business success [38, 39]. The PROPPER mechanism in the *people* aspect contributes to the community and initiates the community to build an independent and sustainable future for itself. CSR practices in the people aspect consist of five principles i.e. (1) fair and inclusive labor practices, (2) human rights respect, (3) supporting local communities, (4) developing collaborative and solid social relations, and (5) improving the quality of human life (social aspect).

CSR practices in the planet aspect emphasize environmental concerns that are integrated into the business process. This element refers to the impact of business on the environment and ecological systems. Business activities often sacrifice the environment through excessive and irresponsible exploitation [40]. Businesses are expected to minimize their "ecological sin" footprint by reducing pollution, conserving natural resources, and implementing environmentally friendly business practices. It ensures that economic growth is not at the expense of environmental degradation. CSR in the environmental aspect refers to a business commitment to environmental sustainability and minimizing its impact on the natural environment and ecological systems [40, 41]. The planet aspect emphasizes that companies must strive for their business operations to have minimal impact but provide optimal environmental benefits. The planetary aspect of CSR practice integrates ecological governance into SME business processes so that SMEs' contributions to environmental damage can be mitigated. SMEs are also responsible for providing stable and sustainable environmental quality for future generations in return for the benefits obtained from the environment. The practice of CSR in the planetary aspect consists of three principles: (1) establishing business processes and environmentally friendly innovations, (2) encouraging circular economy practices, both in business processes and in social communities, and (3) involvement in environmental conservation activities.

Table 2.
The PROPPER Mechanism of CSR in SMEs.

No.	CSR Mechanism
Prosperity	
1	Generating *profit* through ethical and sustainable operations
2	Transparency in financial accountability to interested parties
3	Committed to fair compensation for employees
4	Prioritize raw materials, and cooperation networks with communities around the company (domestic preferences)
5	Economic empowerment programs based on strengthening local potential initiative
6	Establish a *digital sharing economy*
7	Create innovation in business processes
8	Open employment opportunities for the community around the company
People	
9	Create a comfortable working environment and a positive organizational culture.
10	Provide opportunities for the disabled and elderly to be involved in business processes
11	Establish good social relationships with customers
12	Involvement in enhance the quality of life of the surrounding community in vital aspects, such as education, health and *community development*.
13	Encourage the local economy through vocational training
14	Open access to dialogue between the company and stakeholders, and regular communication is carried out

15	Stakeholder involvement in the establishment of CSR initiation programs followed by supervision of implementation and evaluation.
16	Encourage cultural activities that take place in local communities, such as cultural festivals
Planet	
17	Sustainable resource management, through innovation in production processes involving non-renewable raw materials and energy sources
18	Conduct production waste management
19	Implement recycling, reuse, and waste reduction
20	Implement water conservation strategies and responsible land management
21	Participated in the *national environmental campaign*
22	Promote eco-friendly activities with stakeholders and broader community
23	Innovation in eco-friendly products
24	Establish an eco-friendly community, such as a Waste Bank
Partnership	
25	Establish a network of partnerships with fellow SMEs (in the same or different industries but related)
26	Establish cooperation with large companies for the implementation of CSR in a *cascading* scheme
27	Initiated the *one village one product* program
28	Initiated the *creating shared value* program
29	Initiate the engagement to enhance access to raw materials and product marketing
30	Cooperation with the educational institutions in vocational programs, for internal SMEs and the surrounding community.
31	Collaboration with the government research institutions to create eco-friendly products and business process innovations

The partnership aspect of CSR practice is a very beneficial mechanism for SMEs as it provides opportunities to build alliances and strengthen the entity's business as well as the local economy. Solid ties within a community could create potential business opportunities that are profitable for the parties involved [25, 42]. This aspect initiates SMEs to establish relationships with various stakeholders, including local communities, governments, and other communities that could enhance the effectiveness of CSR practices. Prosperity reflected the spirit of *gotong royong* value as included in Pentagraph Responsibility. The existence of partnerships in the *partnership* aspect is a solution to the lack of resources in SMEs [43]. In line with previous research, collaboration in this aspect of partnership is a strength for SMEs to become more resilient and enhance empowerment collectively [4, 43]. Barriers to financial, knowledge, technical and other resources could be overcome by establishing effective alliances with mutual assistance initiatives. This collaboration in this partnership pattern provides opportunities for SMEs to learn and share both business and other related experiences.

The partnership aspect enables engagement in CSR practices through three schemes. First, partnerships with fellow SMEs, where this cooperation can be carried out with SMEs in similar or different industries. Partnership schemes with SMEs in similar industries could be implemented to achieve cost efficiency, collaborative market exploration, and information and knowledge sharing. Partnerships in different industries could be established between related business fields. This cooperation aims to meet supply chain network needs, complement each other's expertise, and foster product and business process innovation. Partnership schemes with fellow SMEs could also expand larger capital funds to enable a broader business network.

Second, partnerships with large companies, either in similar or different industries. SMEs are often solely the objects of CSR programs implemented by large companies. This scheme allows large companies' CSR programs for SMEs to be sustained as SMEs' CSR initiatives. It potentially enables cooperation between SMEs and large companies, which also provides solutions for SMEs' lack of resources in terms of funding, raw materials, marketing, and other technical matters. Moreover, this engagement is also a process that enables shared information, knowledge, ideas, and innovations from large companies to SMEs to enhance their business quality.

Third, partnership schemes with government agencies and other private institutions. This partnerships scheme aligns with the government's objective to increase regional economic growth. Other private institutions in this scheme may include banking and other non-governmental financial institutions, non-governmental organizations, and others. Forms of cooperation may include involvement in capacity-building programs that support CSR practices, assistance in market access, development of innovative technologies and solutions, and involvement in regulation development related to SMEs. The alternative programs of the PROPPER mechanism in CSR are presented in Table 2. This matrix is flexible and adaptive as it is not a mandatory reference for implementation.

6. Conclusions
SMEs as economic agents are responsible for the impact of their economic activities, so the implementation of CSR is necessary. The involvement of the cultural context enhances compatibility with the characteristics of the SME itself. SMEs with a populist economy based on *Pancasila* economics ideally apply *Pancasila* in the concept of CSR as the spirit of local wisdom. This research introduces Pentagraph Responsibility as a new construction of CSR in SMEs with a spiritual and cultural approach. Pentagraph Responsibility involves five values derived from the precepts of *Pancasila*: spirituality, care, liberty, loyalty, democracy, and fairness. The value of spirituality is the primary and reference value for the others. The

remaining four values are integrated into a horizontal accountability approach, which is *gotong royong*. The value of *gotong royong* is a cultural value that underpins the emergence of awareness and enthusiasm for implementation. This research also proposes a PROPPER mechanism (prosperity, people, planet, and partnership) for implementing CSR practices in SMEs. This mechanism redefines the concepts of profit, people, and planet (3P) into more value-oriented meanings that are compatible with SMEs.

7. Research Implications

This study provides a conceptual framework of CSR values that serve as the basis for accountability practices in SMEs by internalizing *Pancasila* values. To date, there has been a lack of a conceptual framework for value-oriented CSR that involves spiritual values systematically. Moreover, this study implies theory development by proposing a critical revision of the 3P concept. The PROPPER mechanism, which consists of prosperity, people, planet, and partnership, is a new construction that elevates the meaning of profit, people, and planet into a more value-oriented meaning that is compatible with SMEs. Limited resources have often restricted the implementation of CSR in SMEs. The PROPPER mechanism could be a panacea for these obstacles. The availability of appropriate concepts and mechanisms toward SMEs' capacity potentially enhances awareness and encourages the realization of CSR initiatives at SMEs.

8. Research Limitations and Future Research Suggestions

This study employed interviews as a data collection method, as the depth of information depends on the duration of the interview. The limited duration of interviews with several informants constrained the depth of information gathered. Future research should consider interview duration to encourage more in-depth exploration. This study has not been able to provide reliable measurements to assess the impact and effectiveness of CSR practices. CSR practices are specific to each company and require targeted studies to find applicable measurements for assessment. Future research could explore more on SMEs' CSR implementation assessment, including how to measure its impact and effectiveness. This could serve as a driving factor for CSR practices to enhance the quality of implementation.

References

[1]   Y. D. B. Astra, "MSMEs must reduce pollution contribution! Ydba.Astra.Co.Id," Retrieved: https://ydba.astra.co.id/umkm-harus-kurangi-kontribusi-polusi, 2023.

[2]   M. N. Hasan, S. Anastasiadis, L. J. Spence, and C. D. Uba, "Environmental attitudes of polluting SMEs: Qualitative insights from a low-income developing country," *Business Strategy & Development,* vol. 3, no. 4, pp. 554-566, 2020. https://doi.org/10.1002/bsd2.121

[3]   Z. Zou *et al.*, "What prompts small and medium enterprises to implement CSR? A qualitative insight from an emerging economy," *Sustainability,* vol. 13, no. 2, p. 952, 2021. https://doi.org/10.3390/su13020952

[4]   M. Das, K. Rangarajan, and G. Dutta, "Corporate sustainability in SMEs: an Asian perspective," *Journal of Asia Business Studies,* vol. 14, no. 1, pp. 109-138, 2020. https://doi.org/10.1108/JABS-10-2017-0176

[5]   E. P. Irawan, S. Sumartias, S. Priyatna, and A. Rahmat, "A review on digitalization of CSR during the COVID-19 pandemic in Indonesia: Opportunities and challenges," *Social Sciences,* vol. 11, no. 2, p. 72, 2022. https://doi.org/10.3390/socsci11020072

[6]   B. Sheehy and C. Damayanti, *Issues and initiatives: Sustainability and corporate social responsibility in Indonesia. In The Cambridge Handbook of Corporate Law, Corporate Governance Issues and Initiatives*. Cambridge: Cambridge University Press, 2019.

[7]   J. Elkington, "Partnerships from cannibals with forks: The triple bottom line of 21st-century business," *Environmental Quality Management,* vol. 8, no. 1, pp. 37-51, 1998.

[8]   A. Saleh, "Corporate social responsibility in small and medium-sized enterprises (SMEs): A Saudi Arabian perspective," Doctoral Dissertation, Cardiff University, 2020.

[9]   S. Roth, V. Valentinov, M. Heidingsfelder, and M. Pérez-Valls, "CSR beyond economy and society: A post-capitalist approach," *Journal of Business Ethics,* vol. 165, pp. 411-423, 2020.

[10]   A. Schneider, "Bound to fail? Exploring the systemic pathologies of CSR and their implications for CSR research," *Business & Society,* vol. 59, no. 7, pp. 1303-1338, 2020. https://doi.org/10.1177/0007650319856616

[11]   R. C. C. Rabello, K. Nairn, and V. Anderson, *Rethinking corporate social responsibility in capitalist neoliberal times* (Redefining Corporate Social Responsibility). Emerald Publishing Limited. https://doi.org/10.1108/S2043-052320180000013005, 2018.

[12]   A. K. Srivastava, S. Dixit, and A. A. Srivastava, "Criticism of triple bottom line: TBL (with special reference to sustainability)," *Corporate Reputation Review,* pp. 1-12, 2022. https://doi.org/10.1057/s41299-021-00111-x

[13]   E. Fontana, "Strategic CSR: A panacea for profit and altruism? An empirical study among executives in the Bangladeshi RMG supply chain," *European Business Review,* vol. 29, no. 3, pp. 304-319, 2017. https://doi.org/10.1108/EBR-12-2015-0172

[14]   W. Friske, S. Cockrell, and R. A. King, "Beliefs to behaviors: How religiosity alters perceptions of CSR initiatives and retail selection," *Journal of Macromarketing,* vol. 42, no. 1, pp. 114-127, 2022. https://doi.org/10.1177/02761467211030440

[15]   D. Van Aaken and F. Buchner, "Religion and CSR: a systematic literature review," *Journal of Business Economics,* vol. 90, no. 5, pp. 917-945, 2020. https://doi.org/10.1007/s11573-020-00977-z

[16]   R. Zaman, T. Jain, G. Samara, and D. Jamali, "Corporate governance meets corporate social responsibility: Mapping the interface," *Business & Society,* vol. 61, no. 3, pp. 690-752, 2022. https://doi.org/10.1177/0007650320973415

[17]   R. Baswir, *People's economic Manifesto*. Yogyakarta: Student Library, 2022.

[18]   S. Oduro, L. Bruno, and G. Maccario, "Corporate social responsibility (CSR) in SMEs: what we know, what we don't know, and what we should know," *Journal of Small Business & Entrepreneurship,* vol. 36, no. 2, pp. 207-238, 2024. https://doi.org/10.1080/08276331.2021.1951064

[19]   A. Sundström, A. S. Hyder, and E. H. Chowdhury, "Market-oriented CSR implementation in SMEs with sustainable innovations: An action research approach," *Baltic Journal of Management,* vol. 15, no. 5, pp. 775-795, 2020. https://doi.org/10.1108/BJM-03-2020-0091

[20]   D. Zohar and I. Marshall, *Spiritual capital: Wealth we can live by*. San Francisco: Berrett-Koehler Publishers, Inc, 2004.

[21]   A. A. Noghiu, "Spiritual capital: A framework for spirituality-infused leadership education and organizational spirituality," *New Directions For Student Leadership,* vol. 2020, no. 166, pp. 45-59, 2020.

[22]   S. D. Rima, *Spiritual capital: A moral core for social and economic justice*. Aldershot, UK: Ashgate Publishing, 2013.

[23]   G. Singh, S. Sharma, R. Sharma, and Y. K. Dwivedi, "Investigating environmental sustainability in small family-owned businesses: Integration of religiosity, ethical judgment, and theory of planned behavior," *Technological Forecasting and Social Change,* vol. 173, p. 121094, 2021.   https://doi.org/10.1016/j.techfore.2021.121094

[24]   D. A. Alonso, S. Kok, and S. O'Brien, "Understanding the impact of family firms through social capital theory: A South American perspective," *Journal of Family and Economic Issues,* vol. 41, no. 4, pp. 749-761, 2020.   https://doi.org/10.1007/s10834-020-09669-w

[25]   B. S. Long, "CSR and reconciliation with Indigenous peoples in Canada," *Critical Perspectives on International Business,* vol. 18, no. 1, pp. 15-30, 2022.   https://doi.org/10.1108/cpoib-12-2017-0096

[26]   T. Manuel and T. L. Herron, "An ethical perspective of business CSR and the COVID-19 pandemic," *Society and Business Review,* vol. 15, no. 3, pp. 235-253, 2020.

[27]   M. Amer, "Systematic review of religiosity and social responsibility," *Journal of Business and Socio-Economic Development,* vol. 4, no. 3, pp. 254-271, 2024.

[28]   S. Ghosh and S. Mukherjee, "The relevance of spirituality and corporate social responsibility in management education: Insights from classical Indian wisdom," *Philosophy of Management,* vol. 19, no. 4, pp. 469-497, 2020.

[29]   B. Xu and L. Ma, "Religious values motivating CSR: An empirical study from corporate leaders' perspective," *Journal of Business Ethics,* vol. 176, no. 3, pp. 487-505, 2022.

[30]   A. Nailevna Nurutdinova, A. Aleksandrovna Rus, and V. Nikolaevna Argunova, "The role of culture in the personal and social determinants of social well-being of Russians: Examining the words culture and welfare," *International Journal of Society, Culture & Language,* vol. 8, no. 3, pp. 72-79, 2020.

[31]   Y. Latif, *Pancasila insight*. Bandung: Mizan, 2021.

[32]   J. H. Astrachan, C. Binz Astrachan, G. Campopiano, and M. Baù, "Values, spirituality and religion: Family business and the roots of sustainable ethical behavior," *Journal of Business Ethics,* vol. 163, no. 4, pp. 637-645, 2020.

[33]   G. W. F. Hegel, *Philosophy of mind: Part three of the Encyclopaedia of the philosophical sciences (1830) (W. Wallace, Trans.)*. United Kingdom: Oxford University Press, 1970.

[34]   G. Aras-Beger and F. D. Taşkın, "Corporate social responsibility (CSR) in multinational companies (MNCs), small-to-medium enterprises (SMEs), and small businesses," *The Palgrave Handbook of Corporate Social Responsibility,* pp. 791-815, 2021.

[35]   S. Y. Soeharso, *Pancasila-based people, a new paradigm for grounding Pancasila in action*. Yogyakarta: Andi Offset, 2021.

[36]   T. T. Le, N. Q. Huan, T. T. T. Hong, and D. K. Tran, "The contribution of corporate social responsibility on SMEs performance in emerging country," *Journal of Cleaner Production,* vol. 322, p. 129103, 2021.

[37]   M. I. Hossain, B. Heng Teh, L.-L. Chong, T. S. Ong, M. I. Tabash, and Y. Jamadar, "Corporate shared prosperity: Scale development and validation," *Cogent Business & Management,* vol. 11, no. 1, p. 2369217, 2024.

[38]   K. Govindan, M. Shaw, and A. Majumdar, "Social sustainability tensions in multi-tier supply chain: A systematic literature review towards conceptual framework development," *Journal of Cleaner Production,* vol. 279, p. 123075, 2021.

[39]   C. K. Kwan, "Socially responsible human resource practices to improve the employability of people with disabilities," *Corporate Social Responsibility and Environmental Management,* vol. 27, no. 1, pp. 1-8, 2020.

[40]   K. Huk and M. Kurowski, "The environmental aspect in the concept of corporate social responsibility in the energy industry and sustainable development of the economy," *Energies,* vol. 14, no. 18, p. 5993, 2021.   https://doi.org/10.3390/en14185993

[41]   E.-J. Woo and E. Kang, "Environmental issues as an indispensable aspect of sustainable leadership," *Sustainability,* vol. 12, no. 17, p. 7014, 2020.   https://doi.org/10.3390/su12177014

[42]   R. Barlow, "Deliberation without democracy in multi-stakeholder initiatives: A pragmatic way forward," *Journal of Business Ethics,* vol. 181, no. 3, pp. 543-561, 2022.

[43]   S. Williams and D. F. Murphy, "Learning from each other: UK global businesses, SMEs, CSR and the sustainable development goals (SDGs)," *Sustainability,* vol. 15, no. 5, p. 4151, 2023.   https://doi.org/10.3390/su15054151