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Corporate Social Responsibility Model of The Tobacco Industry In Supporting Economic Development In Kudus Regency

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Abstract: This study examines the implementation of Corporate Social Responsibility (CSR) by the tobacco industry as a strategic instrument for supporting regional economic development and enhancing community welfare in Kudus Regency. The object of this research is the CSR practices of tobacco companies and their impact on community empowerment and local economic independence in a region highly dependent on the tobacco sector. This research employs a descriptive qualitative method with a socio-juridical approach. Data were collected through literature review and field research involving local government officials, tobacco companies, and community beneficiaries. The study also analyzes the conformity of CSR implementation with applicable legal regulations. The findings reveal that CSR implementation by the tobacco industry in Kudus Regency has been conducted in accordance with the legal framework and contributes significantly to community welfare and regional economic development. CSR programs include community empowerment, MSME development, BUMDes training, educational infrastructure improvement, and strengthening of the local economy. The role of local government as a facilitator enhances program effectiveness. In conclusion, CSR in the tobacco industry not only fulfills legal obligations but also functions as a collaborative and sustainable model for regional economic development oriented toward community economic independence.

Keyword: Corporate Social Responsibility, Community Empowerment, Economic Independence, Tobacco Industry, Kudus Regency.

INTRODUCTION

The development of the business world in the era of globalization has brought fundamental transformations in the way companies conduct their business activities. Companies are no longer viewed merely as economic entities oriented toward maximizing financial profit, but also as integral components of a broader social system that carries

responsibilities toward society and the surrounding environment (Pratika, 2019). In this context, the concept of Corporate Social Responsibility (CSR) emerges as a manifestation of corporate commitment to actively contribute to sustainable social and economic development. Over time, CSR has evolved from simple philanthropic activities into a more structured and strategic approach aligned with the principles of sustainable development, emphasizing long-term impacts and measurable outcomes. The proper implementation of CSR not only delivers tangible benefits to society but also strengthens corporate social legitimacy, enhances corporate reputation, and fosters harmonious relationships among companies, governments, and communities (Azheri, 2019). Therefore, CSR has become a crucial strategic instrument in supporting both national and regional development agendas.

In Indonesia, the implementation of CSR is supported by a strong legal framework, particularly Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility. These regulations firmly establish CSR not merely as a moral obligation but as a legal duty that must be fulfilled by companies, especially those operating in or related to natural resources. Consequently, CSR implementation must be carried out in a planned, systematic, and sustainable manner to ensure that it generates meaningful and lasting benefits for society. Within this framework, the tobacco industry occupies a unique and complex position in CSR practices (Umam, 2014). On one hand, the industry contributes significantly to economic development through employment generation, the growth of supporting industries, and substantial state revenue derived from excise taxes. On the other hand, it is frequently subject to criticism due to its associated health risks and social impacts. This duality creates a more complex ethical and social dimension for CSR implementation in the tobacco industry compared to other sectors (Pratika, 2019).

Kudus Regency represents a region with a high level of economic dependence on the tobacco industry. Widely recognized as the “City of Kretek,” Kudus possesses a long-standing historical and economic identity closely linked to tobacco production. The presence of major tobacco companies has positioned this sector as the backbone of the regional economy and a primary source of livelihood for a large portion of the population. In the context of regional development, the local government of Kudus Regency has established a vision to promote economic growth based on industrial development and local wisdom. Within this framework, CSR is perceived as a strategic instrument capable of bridging corporate interests with regional development priorities. Through well-targeted CSR programs, tobacco companies are expected to contribute to community empowerment, the strengthening of Micro, Small, and Medium Enterprises (MSMEs), the improvement of human resource quality, and the achievement of regional economic independence.

In line with this background, the objective of this study is to examine and analyze the model of CSR implementation in the tobacco industry in supporting economic development in Kudus Regency. This research aims to provide a comprehensive understanding of the forms, mechanisms, and effectiveness of CSR practices carried out by tobacco companies in enhancing community welfare and economic independence (Solihudin & Gumelar, 2018). However, in practice, CSR implementation still faces several challenges, particularly in ensuring alignment between corporate programs, the actual needs of the community, and regional development policies. These challenges highlight the necessity for an in-depth analysis of CSR implementation models that are capable of delivering tangible and sustainable contributions to regional economic development (Robertus et al., 2020). Ultimately, this study is expected to provide a comprehensive insight into the role of CSR as a collaborative instrument among corporations, local governments, and communities in achieving inclusive and sustainable economic development.

METHOD

This study employs a socio-juridical approach using a descriptive qualitative method. This approach is utilized to examine the legal provisions governing Corporate Social Responsibility (CSR) while simultaneously understanding its practical implementation by tobacco companies in Kudus Regency.

The research data were obtained through both library research and field research. The library research involved reviewing laws and regulations, relevant literature, and previous studies, whereas the field research was conducted through interviews and documentation involving local government authorities and tobacco companies as the objects of the study.

RESULTS AND DISCUSSION

Implementation of Corporate Social Responsibility (CSR) by the Tobacco Industry in Kudus in Supporting Community Welfare

The implementation of Corporate Social Responsibility (CSR) by the tobacco industry in Kudus Regency demonstrates a significant role in improving community welfare. Tobacco companies function not only as drivers of economic growth but also as social partners directly involved in various community development programs. CSR is carried out as part of the companies' commitment to fostering harmonious relationships with the surrounding social environment.

Based on the research findings, CSR programs implemented by the tobacco industry in Kudus cover various sectors, including education, social affairs, and environmental initiatives. In the field of education, CSR activities are realized through the construction and renovation of school facilities, provision of educational assistance, and support for youth creativity development programs. These initiatives directly contribute to improving the quality of human resources in Kudus Regency.

In addition to education, CSR is also manifested in social programs that address the basic needs of the community. Social assistance, support for community activities, and environmental programs constitute essential components of CSR implementation in the tobacco industry. These programs help alleviate community burdens while strengthening social solidarity between companies and local communities (Azheri, 2019).

The implementation of CSR by the tobacco industry in Kudus also demonstrates compliance with applicable laws and regulations. Companies carry out CSR as a form of adherence to Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012. This compliance reflects both legal awareness and an ethical commitment to contributing meaningfully to society (Nayenggita et al., 2019).

The role of the local government in CSR implementation is also notably important. The government acts as a facilitator and strategic partner in guiding CSR programs to align with community needs and regional development priorities. The synergy between companies, local government, and the community creates a conducive environment for sustainable CSR implementation (Gunawan & Koan, 2025).

Therefore, CSR in the tobacco industry in Kudus Regency is not merely philanthropic in nature but has evolved into a social development instrument capable of sustainably enhancing community welfare.

Implementation of Corporate Social Responsibility (CSR) by the Tobacco Industry in Kudus in Achieving Regional Economic Independence

The implementation of Corporate Social Responsibility (CSR) by the tobacco industry in Kudus Regency has made a significant contribution to achieving regional economic independence. CSR is no longer positioned merely as social assistance but as a means of community economic empowerment oriented toward sustainability. Through various

productive economic programs, tobacco companies actively contribute to strengthening the local economic structure.

CSR programs focusing on the development of Micro, Small, and Medium Enterprises (MSMEs) and Village-Owned Enterprises (BUMDes) represent a concrete form of support for regional economic independence. Business management training, entrepreneurial mentoring, and strengthening of village institutional capacity enable communities to manage local economic potential independently. These programs encourage communities not only to become beneficiaries but also to act as key drivers of economic development (Afif, 2018).

Furthermore, CSR initiatives are directed toward the development of regionally competitive products based on local potential. Support for product innovation, value-added enhancement, and market access expansion contributes to improving the economic competitiveness of the Kudus community (Suparnyo et al., 2024). This approach aligns with the vision of regional economic development rooted in local wisdom and sustainability.

The implementation of CSR in the tobacco industry in Kudus reflects a transformation from a charity-based approach to an empowerment-based approach. Companies no longer focus solely on short-term assistance but also on building community capacity to achieve self-reliance. This approach has proven to be more effective in generating long-term economic impacts and reducing dependence on external aid.

From a legal and policy perspective, CSR implementation is in line with the mandates of investment laws and regulations concerning corporate social responsibility. CSR is understood as a form of social investment that provides mutual benefits for both the community and the sustainability of the companies themselves (Astuti & Ambarwati, 2016).

Therefore, CSR implementation by the tobacco industry in Kudus Regency has become a crucial pillar in achieving regional economic independence. Through community empowerment, strengthening of MSMEs and BUMDes, and the development of local potential, CSR makes a tangible contribution to inclusive, equitable, and sustainable economic development (Afif, 2018).

CONCLUSION

The implementation of Corporate Social Responsibility (CSR) by the tobacco industry in Kudus Regency constitutes a strategic instrument in supporting regional economic development while enhancing community welfare. CSR is not merely carried out as a legal obligation but also as a concrete manifestation of corporate commitment to contributing to social and economic development in the surrounding area.

Based on the research findings, CSR implementation by the tobacco industry in Kudus Regency has been conducted in accordance with applicable laws and regulations, particularly Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012. Compliance with these regulations indicates that CSR has become an integral part of corporate governance rather than merely an incidental or supplementary activity.

From the perspective of community welfare, CSR programs have generated positive impacts through initiatives in education, social affairs, and community development. The construction of educational facilities, provision of social assistance, and support for community activities have contributed to improving the quality of life and strengthening relationships between companies and local communities.

Furthermore, CSR in the tobacco industry in Kudus Regency plays a significant role in promoting regional economic independence. Programs focusing on MSME empowerment, strengthening of Village-Owned Enterprises (BUMDes), entrepreneurship training, and the development of local economic potential demonstrate that CSR has been directed toward

productive and sustainable activities. This approach encourages communities to become active participants in regional economic development.

The role of the local government in CSR implementation is a crucial supporting factor. The government acts as a facilitator and strategic partner in aligning corporate CSR programs with regional development priorities. The synergy between local government, companies, and the community creates a conducive environment for effective and sustainable CSR implementation.

Going forward, CSR implementation in Kudus Regency should continue to prioritize empowerment-based programs and capacity building within communities. Companies are expected to view CSR as a long-term social investment, while local governments need to strengthen coordination and evaluation to ensure that CSR programs are more targeted and impactful.

Overall, the success of CSR implementation in the tobacco industry in Kudus Regency is highly dependent on sustained collaboration among companies, local government, and the community. With strong synergy, CSR can serve as a strategic instrument in achieving inclusive, independent, and sustainable regional economic development.

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