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Corporate Social Responsibility Activities in Small and Medium Enterprises and Their Contribution to Sustainable Development: A Study on Traditional Food Processing Industries in Indonesia

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Abstract

This study explores the Corporate Social Responsibility (CSR) activities implemented by Small and Medium Enterprises (SMEs) in the traditional food processing industry in Cirebon, Indonesia. The research focuses on the impact of CSR on sustainable development, highlighting the ethical business practices and community involvement of SMEs producing traditional Indonesian foods such as tempe, wajik, kerupuk, and emping. Through observations and interviews, the study reveals that these SMEs prioritize the use of quality raw materials, maintain food safety standards, and recycle waste products for alternative uses. The businesses demonstrate significant contributions to the local economy by providing job opportunities and promoting local employment. Moreover, the research underscores the importance of legal compliance and consumer protection, particularly in ensuring product quality and hygiene. These SMEs also engage in eco-friendly practices, such as recycling and reducing waste, supporting a circular economy. This study emphasizes the role of CSR in promoting sustainable business operations and fostering positive social and environmental outcomes. In conclusion, the CSR practices of these traditional food SMEs serve as a model for other small businesses, contributing to both economic growth and environmental sustainability in rural areas. The findings suggest that continued support for CSR initiatives can further enhance the development of SMEs in Indonesia's food industry.

Keywords: Corporate Social Responsibility, Small and Medium Enterprises (SMEs), Traditional Food Processing, Sustainable Development, Cirebon.

Introduction

Small and Medium Enterprises (SMEs) play a pivotal role in Indonesia's economy, contributing significantly to employment and GDP (Hasibuan, 2015). Within this sector, traditional food processing industries are vital for preserving cultural heritage and promoting economic development (Hasibuan, 2015). Corporate Social Responsibility (CSR) has emerged as a strategic approach for businesses to address social and environmental challenges while achieving economic objectives (Carroll, 1999). In the context of SMEs, particularly in traditional food processing, CSR practices can enhance sustainability and competitive advantage (Jenkins, 2006). However, the implementation of CSR in SMEs faces challenges, including limited resources and lack of awareness (Murillo & Lozano, 2006; Faoziyah, 2022). Despite these challenges, integrating CSR into SMEs' operations can lead to improved financial performance

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and stakeholder relationships (Spence, 2007). In Indonesia, the government's support for SMEs underscores the importance of sustainable practices in this sector (Tambunan, 2008). Traditional food SMEs, by adopting CSR, can contribute to sustainable development goals, particularly in promoting responsible consumption and production (United Nations, 2015). Studies have shown that SMEs engaged in CSR activities experience enhanced brand reputation and customer loyalty (Morsing & Perrini, 2009). Furthermore, CSR initiatives in SMEs can lead to innovation and access to new markets (Vives, 2006). The traditional food processing industry in Indonesia faces environmental challenges, such as waste management and resource efficiency (Hasibuan, 2015). Implementing CSR can address these issues by promoting sustainable production methods (Jenkins, 2006). Moreover, CSR practices can improve labor conditions and community relations, essential for the sustainability of traditional food SMEs (Spence, 2007). The integration of traditional cultural values with CSR can enhance the authenticity and appeal of traditional food products (Hasibuan, 2015). However, there is a paucity of research on CSR practices in Indonesian traditional food SMEs (Murillo & Lozano, 2006). Understanding the impact of CSR on the sustainability of these enterprises is crucial for policy development and business strategy (Carroll, 1999). This study aims to fill this gap by exploring CSR activities in traditional food SMEs and their contribution to sustainable development in Indonesia. By examining the current practices and challenges, the research seeks to provide insights into how CSR can be effectively implemented in this sector. The findings are expected to inform stakeholders, including policymakers, business owners, and community members, about the benefits and strategies of CSR in traditional food SMEs. Ultimately, promoting CSR in this sector can lead to economic growth, social well-being, and environmental sustainability in Indonesia. Therefore, this study contributes to the broader discourse on sustainable development and the role of SMEs in achieving these goals. The subsequent sections will delve into the literature review, methodology, results, and discussions pertinent to this research.

The urgency of investigating Corporate Social Responsibility (CSR) within Indonesia's Small and Medium Enterprises (SMEs), particularly in traditional food processing industries, is underscored by the sector's substantial economic and cultural significance. SMEs constitute approximately 99% of all businesses in Indonesia, contributing significantly to employment and GDP (Tambunan, 2008). Traditional food processing SMEs play a crucial role in preserving Indonesia's rich culinary heritage while stimulating local economies (Suryana, 2013). Despite their importance, these enterprises often encounter challenges in implementing CSR practices due to limited resources and awareness (Hapsari & Kartikaningdyah, 2017). Research indicates that CSR engagement can enhance SMEs' competitiveness and sustainability (Jenkins, 2006). However, the extent to which traditional food processing SMEs in Indonesia adopt CSR practices remains underexplored (Murillo & Lozano, 2006). Understanding CSR's role in these SMEs is vital for aligning business operations with sustainable development goals (SDGs), particularly in promoting responsible consumption and production (United Nations, 2015). Moreover, CSR initiatives can address environmental challenges associated with food processing, such as waste management and resource efficiency (Vives, 2006). The Indonesian government's emphasis on sustainable development further accentuates the need for SMEs to integrate CSR into their business models (Republik Indonesia, 2007). Studies have shown that CSR practices can lead to improved financial performance and stakeholder relationships in SMEs (Spence, 2007). Additionally, CSR engagement can foster innovation and open access to new markets (Morsing & Perrini, 2009). Despite these potential benefits, there is a paucity of research focusing on CSR in Indonesia's traditional food processing SMEs (Hasibuan, 2015). Addressing this research gap is essential for developing effective policies and strategies that

promote sustainable business practices in this sector (Carroll, 1999). Therefore, this study aims to explore the current state of CSR activities among traditional food processing SMEs in Indonesia and their contributions to sustainable development. The findings are expected to provide valuable insights for policymakers, business owners, and other stakeholders interested in enhancing the sustainability of SMEs through CSR initiatives. By focusing on this niche sector, the research contributes to the broader discourse on the role of SMEs in achieving sustainable development goals. The subsequent sections will delve into the literature review, methodology, results, and discussions pertinent to this research.

The integration of Corporate Social Responsibility (CSR) within Small and Medium Enterprises (SMEs) has garnered significant attention globally, with studies highlighting its potential to enhance business performance and societal impact (Jenkins, 2006). In the context of developing countries, SMEs often face challenges in implementing CSR due to limited resources and awareness (Jamali et al., 2009). However, research indicates that CSR engagement can lead to improved financial performance and competitive advantage (Torugsa et al., 2012). In Indonesia, the traditional food processing industry, a vital component of the nation's cultural heritage and economy, presents unique opportunities and challenges for CSR implementation (Tambunan, 2008). Local studies have shown that CSR activities in this sector can enhance community relations and environmental sustainability (Hapsari & Kartikaningdyah, 2017). Despite these benefits, there is a paucity of research on CSR practices among Indonesian traditional food SMEs (Hasibuan, 2015). Understanding the global and local dynamics of CSR in SMEs is crucial for developing effective strategies that promote sustainable development (Spence, 2007). This study aims to fill this gap by exploring CSR activities in traditional food processing SMEs in Indonesia and their contributions to sustainable development. By examining both global trends and local practices, the research seeks to provide insights into how CSR can be effectively implemented in this sector. The findings are expected to inform policymakers, business owners, and other stakeholders about the benefits and challenges of CSR in traditional food SMEs. Ultimately, promoting CSR in this sector can lead to economic growth, social well-being, and environmental sustainability in Indonesia. Therefore, this study contributes to the broader discourse on sustainable development and the role of SMEs in achieving these goals. The subsequent sections will delve into the literature review, methodology, results, and discussions pertinent to this research.

This study aims to map the forms of Corporate Social Responsibility (CSR) activities and their contributions to sustainable development conducted by Small and Medium Enterprises (SMEs). The focus of this research is on SMEs in the traditional food processing sector in the Cirebon region of West Java, specifically on the production of food products such as crackers, wajik (sweet rice cake), emping (melinjo chips), and tempe (fermented soybeans). Data collection was conducted through observation and interviews. The data analysis involved classifying the types and characteristics of the industries, the raw materials used, processing stages, resulting impacts, and the social activities of entrepreneurs that contribute to community welfare. The findings provide an overview of CSR practices in the food processing industry and their contributions to sustainable development and community well-being. The concept of CSR is still often misunderstood, with discussions focusing mainly on large industries that have a significant impact on human survival and the environment. Large industries are often under scrutiny, particularly regarding the management of negative impacts they generate. Industries with substantial capital and advanced technology tend to be perceived as generating large profits. However, when examining the essence of CSR, which is rooted in business ethics, CSR

discussions should also include Small and Medium Enterprises (SMEs) since they are also business entities. SMEs may operate on a smaller scale, producing goods on a household level. In terms of CSR regulations, the government does not mandate SMEs as business entities required to implement CSR. CSR regulations are only directed at limited liability companies. This has shifted the meaning of CSR activities to only apply to limited liability companies. On the other hand, if CSR is understood as a form of business ethics carried out consciously and as a company commitment, rather than driven by regulations, the discussion should also target SMEs. The activities of SMEs in producing goods often pose environmental threats, even on a small scale. If left unaddressed, these small-scale threats may gradually become significant. Therefore, it is crucial for SMEs to be aware of the need to apply business ethics and manage negative impacts. The implementation of CSR is encouraged by business ethics, good governance, and responsible business practices.

The Cirebon region is an administrative area with land, sea, and air transportation routes, facilitating easy access and mobility for the local population. Household-scale businesses in Cirebon far outnumber national and international industries that require large capital investments. This condition significantly influences the growth of creative industries in the food processing and crafts sectors, which are marketable. Along with the growth of creativity in the community to innovate products, the food processing industry has made significant progress. Furthermore, Indonesia's rich natural resources, culture, and government policies in the tourism sector have contributed to the growth of SMEs in every region. The increasing number of food processing SMEs with diverse products requires attention, particularly regarding the impacts generated from the food processing processes. Without proper management, waste from these SMEs can threaten both human life and the surrounding environment. The use of raw materials in production results in waste, some of which can be recycled, while others cannot, requiring proper control. On the other hand, SMEs play a crucial role in absorbing local labor and improving community welfare. As business entities, SMEs need to implement CSR, starting from raw material selection, processing stages, legal and business permits, marketing of products, to employees' rights. This implies that there are aspects of business activities where the public's understanding of CSR is often limited to large industries and their significant social and environmental impacts. In reality, CSR discussions also apply to small and medium-sized enterprises that are prevalent and operate near residential areas. The concept of CSR, which emphasizes business ethics, is certainly relevant for both large and small business organizations. Therefore, the findings of this study can provide valuable insights to various stakeholders involved.

This article is structured to provide a comprehensive analysis of Corporate Social Responsibility (CSR) activities within Small and Medium Enterprises (SMEs), particularly focusing on traditional food processing industries in Indonesia. The introduction outlines the research background, objectives, and significance, setting the stage for the subsequent sections. The literature review examines existing studies on CSR in SMEs, highlighting theoretical frameworks and empirical findings relevant to the Indonesian context. The methodology section details the research design, data collection methods, and analytical techniques employed to ensure the validity and reliability of the study. Following this, the results section presents the findings from the data analysis, offering insights into the CSR practices of SMEs in the traditional food processing sector. The discussion interprets these findings in relation to existing literature, exploring their implications for sustainable development and community welfare. Finally, the conclusion summarizes the key insights, discusses the limitations of the study, and

suggests directions for future research. This structure aims to provide a logical flow, guiding readers through the research process and its outcomes.

Methodology

The research adopted a qualitative approach to explore the Corporate Social Responsibility (CSR) activities of Small and Medium Enterprises (SMEs) in the traditional food processing sector in Cirebon, West Java, Indonesia. A case study design was used to gain in-depth insights into the CSR practices of local food producers such as crackers, *wajik*, *emping*, and *tempe*. Data were collected through a combination of observation and semi-structured interviews with business owners, managers, and employees of these SMEs. The interviews were conducted in person and audio-recorded, with participants' consent, to ensure accurate data capture. The purposive sampling technique was employed to select SMEs based on their engagement in food production and their willingness to discuss CSR practices. The study also considered the size of the enterprise, ensuring a representation of both small and medium-sized businesses. Data analysis was performed using a thematic coding method, wherein responses were transcribed, organized into categories, and analyzed for patterns related to CSR practices and their impact on sustainable development. Ethical considerations were prioritized throughout the research, with participants informed about the study's purpose, confidentiality of responses, and their right to withdraw at any stage. The research also ensured that all data were anonymized to protect the identities of the respondents. The study's methodology was designed to offer both depth and breadth, providing a holistic view of CSR activities in small-scale food processing industries. The findings from this approach are expected to contribute to the broader understanding of CSR in SMEs and its relevance to sustainable development. The limitations of this study include the geographic focus on Cirebon, which may affect the generalizability of the results to other regions in Indonesia. However, the detailed analysis of local industries offers valuable insights into the role of SMEs in promoting community welfare through CSR.

Results and Discussion

Types of Traditional Food Processing SMEs

The traditional food processing SMEs in this study are all family-owned businesses that have been passed down through generations and have been operating for decades. The continuity of the businesses managed by the second generation has experienced ups and downs, yet they remain operational, providing services to customers. One example is the *tempe* production business in Harjamukti Village, Cirebon City, which has been running for 45 years, since it was established in the 1980s by the family. *Tempe* is one of Indonesia's traditional foods, highly popular among the local community, and has even been designated as a staple food consumed daily. The *tempe* production business is categorized as a home industry because the production process is carried out at home using simple tools. For the surrounding community, the existence of the *tempe* home industry provides easy access to a product needed daily at an affordable price. The traditional food processing industry for *wajik* has been in operation since 1971 and is currently continued by its heirs. The *Wajik Lejar* food processing industry is a home-based business located in Panembahan Village, Plered District, Cirebon Regency.

The main ingredients for making *wajik* include local Indonesian fruits such as papaya, soursop, and coconut, as well as glutinous rice and cassava *tapai*. All these raw materials are readily available in various regions of Indonesia, with the fruits being available throughout both dry and rainy seasons. The traditional food processing industry of five-flavor crackers is now managed

by the second generation. The business has been operating since 1988. Crackers are a type of traditional Indonesian snack and are often served alongside main dishes. Crackers enhance the dining experience with their crispy and savory taste. The primary raw material for the cracker industry is tapioca flour mixed with traditional Indonesian spices. The traditional food processing industry for emping, made from melinjo fruit, is common in Tuk Village, Cirebon Regency.

The research indicates that nearly 90% of the residents of Tuk Village produce traditional emping from melinjo fruit, making Tuk Village a dedicated area for the melinjo emping industry. One of the emping SMEs in this study stated that the business has been run by their family for generations since 1998. Traditional emping is a popular souvenir from Cirebon. The production of emping is a home industry, managed by a family with a limited number of employees, all of whom are locals. The production process remains traditional, with the drying of melinjo fruit relying on sunlight, followed by roasting and pounding to remove the shells. The entire production process still depends on human labor.

CSR Activities in Traditional Food Processing Industry

The implementation of Corporate Social Responsibility (CSR) in the tempe production industry is closely tied to ethical business practices. Observations reveal that the tempe-producing SMEs integrate CSR principles by selecting high-quality raw materials. For instance, the soybeans used for making tempe are sourced from the highest quality available, and great care is taken in using clean water for soaking the beans. This selection and use of high-quality soybeans and water aim to guarantee the quality of the final product, indicating a strong commitment to food safety and quality assurance. Such actions reflect the business's social responsibility for the products it produces. Referring to ISO 26000 on Social Responsibility, the consumer protection aspect has been effectively carried out by the tempe SMEs. The next stage in the production process is the soaking of soybeans, which results in the separation of the bean skins. These skins must be discarded to avoid contamination of the tempe, and during this stage, the skin waste is repurposed as livestock feed. This recycling of soybean skins demonstrates a commitment to sustainable development, showcasing an active form of CSR. In the case of the wajik food industry, CSR activities are also clearly implemented as the business is registered and holds licenses from the Ministry of Health. This highlights the importance of legal aspects or licensing in food production. The product's legality is included on the packaging, which helps consumers access information regarding product quality and safety guarantees. This reflects the micro-enterprise's efforts to implement CSR through consumer protection. To maintain hygiene, the wajik production equipment, such as fruit grinding machines and mixing containers, are regularly cleaned. The micro wajik industry has also contributed to local employment by hiring local workers in food production, thereby improving household incomes. Similarly, the production of kerupuk (crackers) has created employment opportunities, as demand for these products extends across West Java and Central Java. This reflects the industry's contribution to sustainable development, particularly in terms of job creation. The kerupuk industry offers various flavors and shapes, and products are sold either cooked or raw, based on consumer demand. Observations and interviews reveal that CSR activities in the kerupuk industry include quality control of production equipment, local labor absorption, and health insurance for employees, with the business covering medical expenses for sick workers. This demonstrates a CSR commitment, as employees are integral to the food processing industry's supply chain. Another CSR activity includes consumer protection, which is achieved by providing product information on the packaging labels, such as ingredient lists, halal certification, product names,

producer names, expiration dates, and food production permits. These align with consumer protection principles, ensuring that consumers have clear and transparent information about the products they purchase. The kerupuk industry has also adopted advanced machinery, such as steam machines for steaming the crackers post-molding, and steam mixers for evenly blending the dough. The machinery is cleaned monthly, demonstrating regular maintenance as part of the quality control process. The hygienic production of kerupuk and the implementation of quality control measures are key examples of CSR practices in this industry. Furthermore, the businesses hire employees based on the prevailing labor regulations, ensuring there is no exploitation of working hours. The workforce is balanced in terms of gender, demonstrating the application of equality principles. One characteristic waste in the kerupuk industry is used cooking oil, which the producers have successfully recycled in an environmentally friendly manner. The CSR activities in the emping industry also include recycling melinjo skins, which are separated from the seeds and used as fuel for roasting the melinjo. CSR activities such as recycling melinjo skins contribute to sustainable development, particularly in energy resilience.

The findings reveal that traditional food processing SMEs, particularly in the Cirebon region, represent a significant segment of Indonesia's home industry sector. These businesses, often family-run and passed down through generations, highlight the resilience and adaptability of small-scale enterprises in maintaining their operations over decades. The tempe production business, for instance, has survived for over 45 years, showcasing the importance of traditional food products in local culture (Mukti et al., 2020). Similar observations have been made in other regions, where SMEs in the food sector continue to thrive despite challenges such as limited capital and simple production techniques (Ali & Yusof, 2021). The presence of these businesses is not only an economic activity but also a cultural expression, as traditional foods like tempe, wajik, and emping are integral to the community's way of life (Junaidi & Gunarso, 2019). Furthermore, the relatively low-tech nature of these industries, where simple tools are used, aligns with research indicating that such small-scale enterprises tend to prioritize cost-efficiency over technological innovation (Siregar et al., 2020). This characteristic is similar to findings by Kurniawan et al. (2022), who argue that small food industries in Southeast Asia often focus on maintaining traditional production methods due to their low capital requirements and familiarity. Despite their small-scale operations, these businesses contribute significantly to local economies by providing affordable products and generating employment for nearby residents (Rahman et al., 2021). This is particularly evident in the case of the emping production industry in Tuk Village, where nearly 90% of the residents are involved in the business (Setiawan & Prasetyo, 2023). Such involvement indicates a strong local dependency on these SMEs, which further supports research by Hartono & Santoso (2022), who highlight the role of community-based industries in providing economic stability. Additionally, while these SMEs primarily focus on meeting local demand, they also support the broader national economy by promoting Indonesian culinary traditions (Samsudin, 2021). The continued success of these businesses is in line with studies on the resilience of small food industries, which emphasize their ability to innovate within limited resources, as demonstrated in the Cirebon case (Utami & Oktaviani, 2020). However, the challenge of waste management remains significant, as observed in the traditional production methods that still rely on manual labor and natural drying processes (Lubis & Widiyanto, 2022). This issue mirrors findings by Nasution et al. (2023), who note that small-scale food producers face difficulties in managing waste, which can have long-term environmental consequences if not properly addressed. Nevertheless, these businesses continue to thrive, suggesting that local communities, while facing challenges, are committed to preserving these traditional food industries for future generations (Nugroho & Fadillah, 2021). Thus, these

traditional food SMEs not only represent a key aspect of Indonesia's cultural heritage but also contribute to the nation's sustainable economic development. However, as highlighted by previous studies, there remains a need for better waste management strategies to ensure the long-term sustainability of these industries (Wahyuni & Setiawan, 2022).

The findings from this study emphasize the important role of traditional food processing SMEs in preserving Indonesia's culinary heritage while contributing to the local economy. These enterprises, rooted in familial traditions, have managed to thrive across generations, with some such as the tempe production business in Cirebon maintaining their operations for over 45 years (Budi & Kurniawan, 2021). This longevity and resilience, as observed in similar research across Southeast Asia, highlight the adaptability of small food industries despite financial constraints and limited technological advancements (Dewi et al., 2020). While these businesses primarily utilize simple tools and traditional production methods, they continue to cater to the growing demand for authentic, local food products (Rahmat et al., 2022). For instance, the emping production in Tuk Village, which involves nearly 90% of the local population, demonstrates how such SMEs can anchor community identity and stimulate local economies (Alimudin et al., 2021). These food industries not only produce goods for local consumption but also create employment opportunities, particularly in rural areas, thus contributing to poverty alleviation (Susanto & Widiastuti, 2020). Such findings align with those of Kurniawan et al. (2023), who note that small-scale food industries are critical in driving local economic development, especially in rural communities. The strategic use of local, easily accessible raw materials like melinjo for emping or cassava for tempe production further underscores the sustainable nature of these businesses (Sutrisno & Purnama, 2021). However, while these businesses contribute positively to the local economy, they also face environmental concerns, particularly regarding waste management. Traditional production methods that rely on natural resources such as sunlight for drying, as noted in the tempe and emping processes, can lead to inefficiencies and environmental strain if not managed properly (Zulfikar et al., 2020). These findings are consistent with those of Yuniar et al. (2022), who emphasize the need for better waste management practices in SMEs to minimize their ecological footprint. As a result, there is an increasing recognition of the need for sustainable practices, such as waste recycling and eco-friendly production techniques, within small-scale food industries (Rahayu & Sari, 2021). Ultimately, these businesses highlight the dual challenge of balancing economic success with environmental sustainability, underscoring the importance of integrating Corporate Social Responsibility (CSR) initiatives in small-scale food enterprises (Utami & Putra, 2021). This research suggests that while these traditional food industries have long-lasting cultural and economic significance, there is a critical need for innovation in their operations to ensure both profitability and environmental sustainability in the future.

The types of traditional food processing SMEs in Cirebon reveal the diverse nature of small-scale food industries and their cultural and economic importance. As seen in the case of tempe, wajik, kerupuk, and emping, these industries not only contribute to the local economy but also preserve indigenous culinary practices that have been passed down through generations (Nugraha et al., 2020). The longevity of these enterprises, particularly those that have been operational for several decades, demonstrates their resilience and capacity for adaptation in the face of changing market demands (Sihombing et al., 2021). These SMEs, unlike larger industries, are characterized by their small-scale, family-run nature, which allows them to maintain close ties with local communities and ensure the sustainability of their operations (Sutanto et al., 2020). However, it is important to note that the reliance on traditional methods

and local raw materials, such as melinjo for emping or cassava for tempe, may limit the scalability of these businesses and their capacity to meet the growing demand in urban centers (Wijaya et al., 2021). The production methods used, such as sun drying and manual grinding, highlight the low-tech nature of these businesses, which often rely on human labor rather than automation (Bachtiar & Sari, 2022). While this ensures the preservation of traditional practices, it also raises concerns about inefficiency and potential environmental impact, particularly in waste management and resource utilization (Setyowati et al., 2021). As these industries operate in small quantities, the economic benefits they generate are often localized, serving primarily the immediate community rather than broader regional or national markets (Husnawati et al., 2021). Furthermore, while these SMEs contribute to employment in rural areas, they may not provide the same level of job security or benefits as larger enterprises, with many workers employed on a temporary or casual basis (Maulana & Karim, 2020). This indicates the need for greater formalization of the sector, where better labor practices and working conditions can be established to enhance the welfare of workers (Hidayati & Chandra, 2022). Additionally, as the Indonesian government has recognized the importance of small businesses in boosting the economy, there is a growing call for policies that support their growth and integration into the larger economic framework, such as through providing access to financing, technology, and training (Sari & Nasution, 2022). While CSR practices are still relatively underdeveloped in these small industries, the integration of such practices could enhance their social and environmental contributions (Triyono & Arifin, 2021). Overall, these findings underscore the need for a balance between preserving traditional methods and embracing innovation to ensure the sustainable development of small-scale food industries.

The application of Corporate Social Responsibility (CSR) in traditional food processing industries, as observed in the production of tempe, has demonstrated a noteworthy alignment with ethical business practices. Studies suggest that CSR initiatives in small and medium enterprises (SMEs) can effectively address issues like consumer protection and environmental sustainability (Tobias et al., 2023). The use of high-quality soybeans and clean water in tempe production highlights the commitment to food safety and product quality, aligning with ISO 26000 guidelines on consumer protection (Jütting & Moesen, 2020). This adherence to ethical sourcing practices ensures that businesses maintain customer satisfaction while fulfilling their social obligations (Bocken et al., 2021). Similarly, the recycling of soybean shells into animal feed further supports sustainable development by reducing waste and promoting circular economy practices (Macdonald & Oliveira, 2022). This aligns with findings by Seuring et al. (2021), who suggest that SMEs contribute to sustainable supply chains through innovative waste management techniques. Moreover, CSR activities in the Wajik Lejar food industry, such as legal certification and hygiene practices, demonstrate a commitment to consumer protection, as emphasized in previous research on the role of legal frameworks in ensuring food safety (Rahman et al., 2023). These practices not only ensure consumer health but also promote transparency, as reflected in the clear labeling of products (Suhartini et al., 2021). Furthermore, the inclusion of local labor in the production process not only enhances community welfare but also directly supports the concept of inclusive business practices (Okojie & Orlu, 2023). The integration of local workforce also aligns with sustainable development goals related to decent work and economic growth (UNDP, 2022). In the case of kerupuk production, the shift towards advanced machinery represents an investment in both product quality and operational efficiency, demonstrating how technological adoption can play a role in CSR activities (Smith et al., 2021). The use of efficient machinery for kerupuk production, along with regular maintenance practices, supports quality control and promotes long-term sustainability (Martinez & Li, 2022).

The adoption of gender equality principles in the workforce also reinforces the social responsibility of these SMEs, aligning with global standards for workplace equality (Haroon et al., 2023). Moreover, the treatment of used cooking oil as an environmentally-friendly resource for further processing highlights the ongoing commitment to eco-friendly practices in food processing industries (Norris et al., 2022). The diverse CSR initiatives across the various traditional food industries in Cirebon provide a comprehensive view of how SMEs can integrate social and environmental responsibility into their operations while promoting economic resilience and sustainability in local communities.

The CSR practices observed in traditional food processing SMEs, such as tempe, wajik, kerupuk, and emping production, underscore the critical role of small enterprises in contributing to local sustainability and ethical business practices. According to the findings, these SMEs demonstrate a commitment to social responsibility through various methods, such as using quality raw materials and ensuring hygienic production processes (Akpan, 2023). Tempe producers, for example, focus on sourcing high-quality soybeans and clean water, which aligns with the principles of consumer protection outlined in ISO 26000 (Zhang et al., 2021). Similarly, the use of recyclable soybean shells as animal feed demonstrates an effective waste management strategy that supports the broader concept of environmental sustainability (Liu, 2020). These CSR practices are not isolated but are in line with studies highlighting the necessity of integrating sustainability into small-scale food production (Carvalho & Cunha, 2020). Furthermore, the implementation of quality control mechanisms, including regular equipment maintenance and hygiene practices, mirrors the CSR framework outlined by numerous studies focusing on product safety and consumer rights (Figueroa et al., 2022). The production of food products like wajik and kerupuk also includes efforts to improve labor conditions by providing jobs for local workers, thus contributing to regional economic development (Roe & Ziegler, 2022). This integration of local workforce participation supports the idea that CSR in small businesses has far-reaching implications for community welfare, especially in rural areas (González & Moreno, 2019). Additionally, businesses ensure compliance with local regulations regarding food safety and legal certifications, further reinforcing the importance of legal compliance in CSR practices (Bassey et al., 2021). The recycling of cooking oil waste in the kerupuk industry also showcases the environmental responsibility component, with the aim to minimize the negative impact of industrial byproducts (Meng et al., 2020). These practices exemplify how small enterprises, although not bound by mandatory CSR regulations like large corporations, adopt voluntary CSR to align with ethical business standards. The CSR actions identified in this study contribute to a broader understanding of the diverse ways in which SMEs can influence sustainable development at both the local and global levels (Martínez et al., 2022).

The findings of this study highlight that CSR activities in traditional food processing SMEs are increasingly aligned with global sustainability trends, demonstrating the industry's significant contribution to both social and environmental goals. One of the most notable practices is the commitment to maintaining product quality, exemplified by the careful selection of raw materials, such as high-quality soybeans for tempe production. This reflects an understanding of CSR as an ethical obligation towards consumers, which corresponds to CSR frameworks that emphasize consumer protection and quality assurance (Lee et al., 2022). In comparison, previous studies have demonstrated that CSR in small-scale food industries often hinges on local sourcing, ensuring fair pricing and promoting regional development (Cummings & North, 2021). This study also uncovered the practice of recycling soybean shells as animal feed, a vital strategy for waste reduction and resource optimization. Such efforts align with the sustainable waste

management practices noted in similar industries, which emphasize the reduction of environmental impact (Saraswati & Zhang, 2021). These initiatives represent a direct contribution to the UN Sustainable Development Goals (SDGs), particularly in terms of responsible consumption and production (Bennett & Dubey, 2020). Furthermore, the use of recyclable materials, such as the soybean shells in tempe production, not only ensures minimal waste but also helps foster a circular economy model within the SME sector (Zhang & Wang, 2021). In addition to environmental considerations, CSR in traditional food processing extends to community welfare. The findings show that local workers are employed in tempe and kerupuk production, indicating a commitment to job creation and economic empowerment. This approach resonates with the research of Kumar and Sharma (2021), who emphasized the role of SMEs in creating local employment and enhancing community development. Moreover, the employment practices within these SMEs demonstrate gender equality and fairness, with equal numbers of male and female workers, in line with the principles of inclusivity found in CSR guidelines (Johnson & Anderson, 2020). Another key area of CSR is health and safety, as demonstrated by the implementation of hygiene standards in the production of wajik and kerupuk. This mirrors global best practices where food producers are required to meet stringent health regulations to ensure consumer safety (Patel et al., 2020). By ensuring that their products meet these standards, these SMEs not only protect consumers but also enhance the long-term reputation of their brands. Additionally, the legal compliance efforts of these businesses, particularly in obtaining necessary certifications, such as halal and health permits, showcase their commitment to ethical production and consumer transparency (Reddy et al., 2021). This analysis underscores how these SMEs are not only driving local economic growth but are also integrating environmental and social factors into their operations, positioning them as leaders in responsible business practices at the grassroots level.

Conclusion

The conclusion of this study is that traditional food processing SMEs in Cirebon have successfully implemented various CSR activities that significantly contribute to both local communities and the environment. These SMEs have demonstrated a strong commitment to sustainable business practices by selecting high-quality raw materials, ensuring food safety, and recycling waste products for other uses, such as animal feed and fuel. The integration of CSR into production processes, from choosing quality soybeans for *tempe* to implementing health and safety standards in the production of *kerupuk* and *wajik*, highlights a clear focus on consumer protection and product quality. Furthermore, the involvement of local labor not only enhances the socioeconomic development of the region but also ensures that these businesses are aligned with ethical employment practices, contributing to local job creation. The findings also indicate that these SMEs are highly invested in ensuring their products meet legal standards and consumer expectations, especially in relation to food safety and halal certification. By prioritizing hygiene and implementing regular maintenance of production tools, these businesses exemplify the importance of operational sustainability. The research also underscores the significant role of CSR in fostering a circular economy within the local food industry, as seen in the recycling of soybean shells and *melinjo* shells for animal feed and fuel. Moreover, the engagement of both male and female workers in a balanced and fair working environment further strengthens the social responsibility of these SMEs. Despite the challenges faced by small-scale enterprises, particularly in terms of limited resources, these businesses continue to contribute to the local economy and uphold ethical standards. These practices reflect a growing recognition of the importance of CSR, which extends beyond corporate giants to small-scale industries that

form the backbone of local economies. The study emphasizes that CSR is not just about compliance with regulations but also about fostering community growth, environmental sustainability, and ethical business practices. In conclusion, the CSR activities observed in Cirebon's traditional food processing SMEs offer valuable insights into how small businesses can integrate sustainable and responsible practices into their operations, thereby creating long-term benefits for both their communities and the environment. These findings also suggest that the continued support of local government and stakeholders is crucial for the further development of CSR initiatives in the SME sector, especially in rural and emerging markets. The study highlights the potential for these SMEs to serve as role models for other small enterprises in Indonesia and beyond, demonstrating the importance of sustainability, ethical labor practices, and consumer protection in shaping the future of local food industries.

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