

Implementation of Corporate Social Responsibility (CSR) in Silver Handicraft MSMEs in Celuk Village

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ABSTRACT

Celuk Village in Gianyar Regency, Bali is the centre of a high-quality silver craft industry that combines artisan skills and local wisdom. Silver craft production involves a metal plating process that generates solid waste, gas emissions and electrolyte solutions that have the potential to pollute the environment. Both MSMEs strive to be active in business sustainability, which has not been reflected in accounting practices. This shows the urgency of a more effective implementation of corporate social responsibility to support the sustainability of MSMEs. This study aims to analyse the implementation of CSR in two silver craft MSMEs in Celuk Village, namely Yan Yan Silver and Sari Dewi. A qualitative approach was used by collecting data through direct observation and semi-structured interviews. Data was analysed using reduction and triangulation techniques to ensure the validity of the findings. The results showed that Yan Yan Silver implemented good waste management through collecting electrolyte waste in a special place, selling production dust to collectors, and recycling silver scraps. Stable turnover encourages MSMEs to empower the surrounding community by recruiting local labour, contributing to traditional activities, improving public facilities, and collaborating with local artisans. Meanwhile, Sari Dewi emphasises environmental conservation in its production process through the use of pure water and recycling of silver scraps. However, its involvement in social aspects is more limited, reflected in its competency-focused recruitment system and minimal participation in social activities outside the company. The findings suggest that Yan Yan Silver prioritises community-based social responsibility, while Sari Dewi focuses on environmental sustainability.

Keyword: Corporate Social Responsibility (CSR), MSMEs, Silver Crafts, Celuk Village.

ABSTRAK

Desa Celuk di Kabupaten Gianyar, Bali merupakan pusat industri kerajinan perak berkualitas tinggi yang memadukan keterampilan pengrajin dan kearifan lokal. Produksi kerajinan perak melibatkan proses pelapisan logam yang menghasilkan limbah padat, emisi gas, dan larutan elektrolit yang berpotensi mencemari lingkungan. Kedua UMKM berusaha untuk aktif dalam keberlanjutan usaha yang selama ini kurang tercermin dalam praktik akuntansi. Hal ini menunjukkan urgensi implementasi tanggung jawab sosial perusahaan yang lebih efektif untuk mendukung keberlanjutan UMKM. Penelitian ini bertujuan untuk menganalisis implementasi CSR pada dua UMKM kerajinan perak di Desa Celuk, yaitu Yan Yan Silver dan Sari Dewi. Pendekatan kualitatif digunakan dengan mengumpulkan data melalui observasi langsung dan wawancara semi-terstruktur. Data dianalisis dengan menggunakan teknik reduksi dan triangulasi untuk memastikan keabsahan temuan. Hasil penelitian menunjukkan bahwa Yan Yan Silver menerapkan pengelolaan limbah yang baik melalui pengumpulan limbah elektrolit di tempat khusus, menjual debu produksi ke pengepul, dan mendaur ulang sisa perak. Omset yang stabil mendorong UMKM untuk memberdayakan masyarakat sekitar dengan merekrut tenaga kerja lokal, berkontribusi pada kegiatan tradisional, memperbaiki fasilitas umum, dan berkolaborasi dengan pengrajin lokal. Sementara itu, Sari Dewi menekankan pelestarian lingkungan dalam proses produksinya melalui penggunaan air murni dan daur ulang sisa-sisa perak. Namun, keterlibatannya dalam aspek sosial

lebih terbatas, tercermin dari sistem rekrutmen yang berfokus pada kompetensi dan partisipasi minimal dalam kegiatan sosial di luar perusahaan. Temuan ini menunjukkan bahwa Yan Yan Silver memprioritaskan tanggung jawab sosial berbasis masyarakat, sementara Sari Dewi berfokus pada kelestarian lingkungan.

Kata Kunci: Corporate Social Responsibility (CSR), UMKM, Kerajinan Perak, Desa Celuk

Introduction

Corporate Social Responsibility (CSR) is one of the important principles in the modern business world, not only for large companies, but also for small and medium enterprises (MSMEs). CSR is a form of corporate responsibility for the social, economic, and environmental impacts of its business activities. From an accounting perspective, CSR is closely related to transparency, accountability, and financial reporting that reflect compliance with ethical and legal principles (M. Sony Erstawan et al., 2022). In the midst of the issue of sustainability and increasing environmental awareness, business actors are required not only to be profit-oriented, but also to pay attention to the sustainability of the social and environmental ecosystem (planet and people) as proposed by Elkington (1998). CSR is now an important indicator in building a company's long-term reputation and value.

This phenomenon is increasingly felt after the COVID-19 pandemic which hit various economic sectors, including the tourism and handicraft sectors in Bali. Many business actors have lost income, but some have continued to show their social concern through concrete actions. One of them is a silver business actor in Celuk Village, Gianyar, who continues to actively carry out social responsibility despite being affected by the economic crisis. Celuk Village has long been known as the center of silver crafts in Bali. Its contribution to the regional economy is very significant. Data from the Department of Industry and Trade noted that exports of silver handicrafts from Bali, mostly from Celuk, reached more than 32 million US dollars in 2017, an increase of almost 17% from the previous year (Sutika, 2025).

However, the COVID-19 pandemic has had a major impact on craftsmen. The decline in tourist visits caused turnover to decline by up to 85%. In addition, the price of raw materials such as silver rose dramatically, aggravating the burden of production (NusaBali.com, 2021). In the midst of these challenges, artisans Yan Yan Silver continue to contribute socially by distributing basic necessities to tour guides who have lost their income. He also actively contributed to the improvement of village infrastructure and did *punia* to the temple. This reflects the form of philanthropic CSR as well as a form of social harmonization according to the local values of Bali, *Tri Hita Karana* (Suparsabawa & Sanica, 2020). From an environmental perspective, Yan Yan Silver manages production waste wisely: sanding waste is filtered and sold for recycling, chemically solute water is disposed of into special disposal, and the surrounding community is involved as a workforce.

It demonstrates real and sustainable social and environmental responsibility. Meanwhile, Sari Dewi craftsmen apply environmentally friendly principles in a different way, namely all production processes are carried out manually and free of chemicals. By not using chemicals, liquid waste is not produced so that it does not pollute the environment. This is a form of environment-based CSR that is in line with the principles of sustainability (*sustainability accounting*).

Although CSR activities have been carried out by the two business actors, not many of them have implemented them in the accounting system explicitly. In fact, from a modern accounting perspective, CSR is not just a social activity, but also part of a reporting system that can increase the transparency and credibility of the company in the eyes of stakeholders (M. Sony Erstiwan et al., 2022). Social and environmental accounting encourages companies, including MSMEs, to disclose the social and ecological impacts of their business activities. This reporting takes into account not only financial aspects, but also ethical and sustainability values that are part of *good corporate governance* (Meilia et al., 2024). However, the implementation of social and environmental accounting at the MSME level still faces many obstacles, such as lack of understanding, limited resources, and lack of local regulations that direct CSR reporting. Therefore, case studies of business actors such as Yan Yan Silver and Sari Dewi are important to find out how their CSR practices can be analyzed in an accounting perspective.

The government has also begun to take a role. The Ministry of Industry has disbursed grants of IDR 5.2 billion for the development of a handicraft center in Celuk as well as providing design training and CNC machine assistance to improve the quality of production. However, without good reporting and systematic recording of social and environmental responsibilities, the CSR contributions of artisans are difficult to formally recognize and lack measurable value in the accounting system. Therefore, an accounting approach is needed that is able to accommodate the social and environmental dimensions more comprehensively.

By understanding the CSR practices directly from MSME actors in Celuk Village, this study not only provides an actual picture of the field, but also enriches the literature on social accounting that is contextual and based on Balinese cultural locality. Based on this, this study aims to examine the form of CSR implementation in Yan Yan Silver and Sari Dewi craftsmen in Celuk Village can be analyzed from an accounting perspective. This research is expected to be able to contribute to the development of social accounting practices in the MSME sector that are oriented towards sustainability and local values.

Research Methods

This study uses a qualitative descriptive approach to describe in depth the practice of *implementing Corporate Social Responsibility (CSR)* in artisans Yan Yan Silver and Sari Dewidi of Celuk Village, Gianyar, Bali, in an accounting perspective. This approach was chosen because it is able to reveal social realities and local values that affect CSR practices carried out by MSME actors. In addition, this approach is suitable for exploring the meaning and perception of informants who are direct actors in CSR activities (Amrulloh & Sulastri, 2021).

This research was carried out in Celuk Village, Sukawati District, Gianyar Regency, Bali, which is the center of the silver handicraft industry. The village is known as a center for the production and sale of silver jewelry with both local and export markets. The subjects of this study are MSME actors who produce silver handicrafts and carry out CSR activities in their business activities. The researcher deliberately chose two active craftsmen, namely Yan Yan Silver and Sari Dewi, as the study unit because both are known to apply various forms of CSR that are relevant to the focus of the research.

The main informants in this study are business owners Yan Yan Silver and Sari Dewi, employees directly involved in waste production and management activities, and local community leaders. Informants were selected using *the purposive sampling technique*, which is the selection of informants who are considered to know, experience, and understand CSR practices carried out in the business environment (Widiyanti & Lovett, 2021).

The data collection method was carried out through three main techniques, namely: direct observation, semi-structured in-depth interviews, and documentation. Observations were made on production activities, waste management, and the involvement of the surrounding community. The interview was conducted to explore the informant's understanding of the motivation, implementation, and impact of CSR. Documentation includes records of social activities, photo documentation of CSR activities, and internal business archives or reports. This technique refers to the approach that has been used in CSR research based on local wisdom and social accounting (Riska Nur Rosyidiana et al., 2023).

The data obtained was analyzed using thematic analysis, which is a qualitative analysis method to identify, classify, and interpret patterns or themes that emerge from the data. The themes identified include social, environmental, and accounting aspects in CSR implementation. The analysis process is carried out through data reduction steps, data presentation, and drawing conclusions according to the Miles and Huberman model. To ensure the validity of the data, triangulation techniques of sources and methods were used, as well as member

checking of informants to confirm the validity of the findings (Husnullail et al., 2024).

Results and discussion

The implementation of *Corporate Social Responsibility* (CSR) is important as a strategy to support business sustainability, preservation of local cultural heritage, and economic empowerment of the community in Celuk Village. This study found that CSR practices are a form of MSME awareness that their operational processes will not be successful if they do not pay attention to the surrounding environment. The concept of Tri Hita Karana is a cultural aspect in the implementation of CSR for MSMEs in Bali. This concept emphasizes that in the practice of production and operational results must be a source of happiness by always paying attention to the good relationship between humans and God (Parahyangan), the relationship between humans and others (Pawongan), and the relationship between humans and the surrounding natural environment (Palemahan) (Sri Ardani & Mahyuni, 2020).

CSR practices in MSMEs in Celuk Village are fully supported by the local community through the formation of the Celuk Design Centre community. This community is a forum for silver and gold artisans to share knowledge and experience in managing their businesses in a sustainable manner. This community plays an important role in facilitating collaboration between MSMEs in order to improve product quality and strengthen the relationship between business actors and the surrounding community, which at the same time supports the application of Tri Hita Karana values in every operational activity. With the Celuk Design Centre, MSMEs in Celuk Village are increasingly able to integrate social responsibility in business models to support sustainability and preservation of local culture.

1.1 Discussion 1: CSR Implementation at Yan Yan Silver

Yan Yan Silver implements a CSR program based on *the triple bottom lines* or 3P, namely *profit* (economy), *people* (social), and *planet* (environment). In its operational practices, Yan Yan Silver processes silver into jewelry that is ready to be sold for export through collaboration with customers from other countries and is also displayed in stores. Not only production from their own design, the craftsmen also often receive *custome made* according to customer requests. The demand continues to increase with consistency to meet it so that these MSMEs produce a stable and increasing turnover. This causes Yan Yan Silver not to do large-scale promotions, such as hiring *influencers* or joining *e-commerce* because these MSMEs are quite famous among silver craft buyers and have also collaborated a lot with travel guides in Bali. Thus, in the economic aspect, Yan Yan Silver is able to carry out processes in its operations to generate maximum profits.

The economic aspect that runs well encourages the company to always have an impact on the surrounding environment. Adhering to the philosophy of *tattwamasi*, Yan Yan Silver considers it important to help others because it is the same as helping oneself (Dewi & Wedasuari, 2023). This is in accordance with the meaning of the philosophy, which is that I am you and you are me so that there is a harmony and social harmony from the existence of this company. Yan Yan Silver is active in empowering the surrounding community by prioritizing it in the process of recruiting business employees over the outside community. Although there are complaints due to employees who are less communicative, less friendly and less product design (Saputra & Wulandari, 2021). Yan Yan Silver continues to focus on following up on improving employee quality by conducting routine evaluations, not by looking for employees from areas outside Celuk Village who could be much more competent.

Yan Yan Silver also actively collaborates with local artisans in terms of designing silver craft products so that their products will not be outdated. Not only that, they also received deposits of silver products from artisans around Celuk Village to be helped to sell at the Yan Yan Silver store. The goal is to help the surrounding community to market their products so that the known products are not only labeled with Yan Yan Silver products, but also silver handicraft products typical of the people of Celuk Village. Thus, Yan Yan Silver actively ensures the welfare of the surrounding community so that there is no gap due to the existence of these MSMEs.

Yan Yan Silver's concern for the social environment is also reflected in the existence of a certain budget for his contribution to the surrounding environment. Some of the actions that have been carried out are carrying out *punia* funds when there are traditional ceremonies at the temple, contributing to existing community contributions, and improving public facilities in the Yan Yan Silver operational area. This shows that Yan Yan Silver is not only profit-oriented.

The existence of MSMEs in the midst of the beautiful Celuk rural area certainly demands that environmental aspects are also considered. The waste generated from the production of Yan Yan Silver includes silver residue, electrolyte liquid from silver washing, and dust from finishing. All of this waste produced is certainly not disposed of carelessly by Yan Yan Silver because it still has a selling value. Silver waste produced from production residues, such as the remaining silver wasted during cutting to form the design will be melted back and made into silver bars to then be made into silver crafts. The remnants of dust from the *finishing process* are also collected to be sold to collectors because among the dust there must be silver flakes that can be resold. Meanwhile, for electrolyte liquids in the form of battery water from silver washing results, they will be collected in a special place to

be processed so as not to pollute the environment. Basically, Yan Yan Silver always made sure that his existence would not have a negative impact on the surrounding environment.

1.2 Discussion 2: CSR Implementation at Sari Dewi

The implementation of CSR at Sari Dewi Gold and Silver also refers to the concept of triple bottom lines by always prioritizing environmental (*planetary*) aspects in its operational process. This can be seen from the production process of its silver crafts which prioritizes the use of environmentally friendly materials, such as using pure water in the silver washing process (Prayogo & Hilarius, 2012). In addition, the remaining silver produced is also reprocessed into silver bars to be processed into crafts. The dust generated during *the finishing* process is also self-managed to separate the silver and the dirt. The silver flakes will be melted back into silver bars and the dust will be disposed of in a special place. Thus, Sari Dewi ensures the sustainability of the surrounding environment by ensuring that the waste disposed of is waste that can be decomposed and processing all the waste produced as much as possible so that nothing is left.

In the social aspect, Sari Dewi actively assists the surrounding community in terms of funding assistance that has been budgeted for the improvement of surrounding facilities and contributions to traditional villages. In addition, these MSMEs also empower relationships with their employees through the implementation of routine *tirtayatra* every year, providing bonuses when employees have successfully achieved the company's targets and access to social security. In addition, considering that Bali is known for many religious ceremonies, these MSMEs give employees a holiday when there are religious ceremonies (Aliffianti et al., 2024). The implementation of Sari Dewi employee recruitment tends to be more flexible because it does not pay attention to origin, only ensuring that they have skills in processing silver crafts and good foreign language skills. Sari Dewi's success in carrying out her social care can be seen from the loyalty of the company's employees with a low employee turnover rate where one of her employees has worked for 20 years.

The implementation of good social and environmental aspects certainly has an impact on the company's high profit rate. More than 200 pairs of jewelry are sold every day. The silver handicrafts sold are *handmade* products so that in determining the price is not influenced by significant external aspects. These MSMEs also do not focus on massive promotions by using *influencers* or sales in *e-commerce* (Okello Candiya Bongomin & Ntayi, 2020). Sari Dewi prioritizes buyers who have direct data to the store to see the manufacturing process so that they understand the silver processing process that pays great attention to sustainability aspects until it finally

becomes a handicraft product that is ready to sell. Sari Dewi also does not bother about the current onslaught of alpaca trends because silver has its own market globally. The *handmade production* of Sari Dewi is also ready to compete with products produced through machines because Sari Dewi is oriented towards product quality in detail and authenticity as a silver craft typical of the Celuk people.

Conclusion

The main problem in the production of silver handicrafts in Celuk Village is the potential for environmental pollution due to solid waste, gas emissions, and electrolyte solutions from the metal plating process, as well as the lack of sustainability reflection in MSME accounting practices. This study found that the implementation of *Corporate Social Responsibility* (CSR) in MSMEs, especially Yan Yan Silver and Sari Dewi Gold and Silver, is a strategic solution to answer these challenges.

Through the *triple bottom lines* (*profit, people, planet*) approach, the two MSMEs have integrated sustainable practices in economic, social, and environmental aspects. Economically, both show stable performance without relying on massive promotions, suggesting that sustainability can go hand in hand with profitability. In the social aspect, MSMEs empower local communities, recruit employees from surrounding villages, and actively contribute to social and traditional activities. From an environmental perspective, both show a strong commitment to waste management through the recycling of silver waste, dust collection, and handling of electrolyte solutions so that the risk of pollution can be significantly reduced.

The implementation of CSR by MSMEs in Celuk Village is rooted in local cultural values, especially *Tri Hita Karana*, which emphasizes harmony between humans, God, and nature. The existence of the Celuk Design Center also strengthens collaboration between business actors and supports sustainable knowledge transfer and at the same time becomes a forum for the application of CSR values that are in line with local wisdom.

The results of these findings show that CSR practices in the silver MSME sector in Celuk Village can be analyzed and integrated into a social accounting perspective, which is not only oriented to figures and financial statements, but also takes into account local social and cultural sustainability. This research enriches the understanding of locality-based social accounting and has the potential to provide a relevant CSR practice model for other MSMEs in Indonesia. However, this study also confirms that there are challenges in measuring and formally recognizing the social and environmental contributions of MSMEs. Without a structured recording and reporting system, the value of CSR carried out tends not to be reflected in

financial statements and is difficult to measure accountably. Therefore, the social accounting approach is important to be applied so that the social and environmental dimensions can be integrated comprehensively in the MSME reporting system.

Suggestion

Based on the results of the research, there is a need to integrate a practical and applicable locality-based social accounting approach to encourage social accountability and sustainability of silver handicraft MSMEs in Celuk Village. Local governments and related institutions should prepare social accounting guidelines with a simple format but include social, environmental, and cultural dimensions so that CSR contributions can be recorded and reported systematically. This effort needs to be supported by integrated training and mentoring based on local values such as *Tri Hita Karana* by involving academics, cooperative offices, and customary institutions. In addition, optimizing the role of Celuk Design Center can strengthen collaboration between MSMEs, accelerate *knowledge transfer*, and encourage innovation in waste management and cultural preservation in a sustainable business framework.

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