

## **CHARITY AS A FAMILY BUSINESS STRATEGY: A CASE STUDY OF PARAGON TECHNOLOGY AND INNOVATION**

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### **ABSTRACT**

Charity or corporate philanthropy is increasingly recognized as a strategic component in family business sustainability. This study aims to systematically review how charity is applied as a business strategy in family-owned enterprises, with a specific focus on Paragon Technology and Innovation (PTI). Using a **Systematic Literature Review (SLR)** approach, this research analyzes and synthesizes 25 selected academic sources published between 2014–2024 from databases such as Scopus, Google Scholar, and ScienceDirect. The review process follows the PRISMA protocol, which includes identification, screening, eligibility, and inclusion stages. The results indicate that charity activities in family businesses serve dual purposes: enhancing social reputation and strengthening long-term business resilience. In PTI's case, initiatives such as the *Wardah Inspiring Movement* and *Paragon Scholarship Program* demonstrate how philanthropy integrates with core business values, promoting both ethical branding and stakeholder loyalty. This review highlights that charity, when strategically managed, becomes a sustainable competitive advantage rooted in family values and social responsibility.

**Key words:** charity; family business strategy; Paragon Technology and Innovation; CSR; systematic literature review.

### **INTRODUCTION**

The development of family businesses in Indonesia plays an important role in the national economy. As entities that are generally oriented toward family values, family businesses face the challenge of balancing economic and social goals (Chrisman et al., 2018). One emerging strategy is the implementation of charity or philanthropic activities, which not only serve a social function but also act as a strategic tool for building business reputation and sustainability.

Paragon Technology and Innovation (PTI), the company behind the Wardah, Make Over, and Emina brands, serves as a concrete example of how the religious and humanitarian values of the founding family are translated into business strategy through charity activities (Rachmawati, 2021). This approach demonstrates the close relationship between family values, business ethics, and corporate image.

However, there remains a research gap regarding the extent to which charity functions as a measurable business strategy in the context of family businesses. Therefore, this study was conducted to review relevant literature using the Systematic Literature Review (SLR) method, aiming to gain an in-depth understanding of the integration of charity in family business strategies, with a case study of Paragon Technology and Innovation (PTI).

The objectives of this study are:

1. To identify the concept of charity in the context of family businesses.
2. To analyze the application of charity as a family business strategy at Paragon Technology and Innovation (PTI).
3. To develop a theoretical synthesis of the contribution of charity to the sustainability of family businesses.

### **METHOD**

This study employs the Systematic Literature Review (SLR) method to review and analyze various academic works discussing *charity practices as a business strategy* within the context of family-owned enterprises. The SLR approach was chosen because it enables a comprehensive, systematic, transparent, and measurable synthesis of prior research findings. The review process follows the PRISMA guidelines (*Preferred Reporting Items for Systematic Reviews and Meta-Analysis*), which consist of four main stages: identification, screening, eligibility, and inclusion.

At the identification stage, the researcher collected literature from three major databases—Scopus, ScienceDirect, and Google Scholar—using the keywords “charity,” “family business strategy,” “corporate social responsibility,” “philanthropy,” and “Paragon Technology and Innovation.” The reviewed publications were limited to the period 2014–2024 to ensure the relevance and currency of the data. The screening stage involved eliminating duplicate, irrelevant, or non-family-business-focused articles. Out of 78 initially retrieved papers, 25 were selected for further review based on their relevance to the research topic.

In the eligibility stage, each article was assessed for its alignment with the study's focus—namely, discussions on *charity as a business strategy* or as part of *social responsibility integrated with family values*. Articles that addressed only general CSR topics without a connection to the family business dimension were excluded.

Finally, the inclusion stage resulted in 25 selected articles that were analyzed using thematic analysis. This analysis identified major themes and relationships among variables, such as the connection between *family values and charity strategies*, the *impact of charity on corporate reputation*, and its *contribution to business sustainability*. The analysis was conducted deductively and comparatively to uncover conceptual patterns and research gaps, particularly in the case of Paragon Technology and Innovation (PTI) as a real-world representation of *charity-driven business strategy* within an Indonesian family business context.

## RESULTS AND DISCUSSION

The results of the *systematic review involving 25 articles* reveal that *charity activities within family businesses* play a broader *strategic role* beyond being mere *corporate social initiatives*. Through *thematic analysis*, four key themes were identified to explain how charity is integrated into family business strategies:

- (1) *charity as a reflection of family values*,
- (2) *charity as a reputation and differentiation strategy*,
- (3) *charity as a tool for business sustainability*, and
- (4) *the implementation of charity strategies at Paragon Technology and Innovation (PTI) as a relevant case study in Indonesia*.

The *first theme*, *charity as a reflection of family values*, emphasizes that *social and spiritual orientations* in family businesses often stem from the *values held by founders and passed down through generations*. Astrachan and Jaskiewicz (2018) highlight that family businesses usually possess a strong *value system*, which not only shapes internal identity but also influences the company's external relationships with the community. In this context, *charity serves as a medium* to express these values through tangible actions that reflect the founders' *character and moral integrity*. At *Paragon Technology and Innovation (PTI)*, values such as *kindness, empathy, and social benefit* form the foundation of all corporate social initiatives, rooted in the vision of its founder, Nurhayati Subakat, who built the company upon principles of *humanity and Islamic spirituality*.

The *second theme*, *charity as a reputation and differentiation strategy*, underscores that *philanthropic initiatives* can create *mutual value* between companies and communities, ultimately enhancing *brand image and competitive advantage* (Porter & Kramer, 2019). In this sense, *charity* not only strengthens positive reputation but also serves as a *market differentiation strategy* amid rising competition. PTI, through programs such as the *Wardah Inspiring Movement* and the *Paragon Scholarship Program*, demonstrates that consistent, value-driven social engagement can enhance *consumer loyalty and market reach*. *Wardah*, as a halal cosmetics brand that actively supports women's empowerment and social initiatives, has earned high trust among Indonesia's Muslim consumers—playing a significant role in PTI's business success.

The *third theme* reveals that *charity functions as an instrument for business sustainability*. López and Sánchez (2020) argue that *sustained social initiatives* can strengthen a firm's *social capital*, enhance *stakeholder relationships*, and foster *long-term loyalty*. In family businesses, sustainability goes beyond financial performance—it encompasses *preserving legacy values* and maintaining *positive social relations*. PTI applies this principle through an *empowerment-based charity approach*, where social programs are not only about giving but also about *community empowerment*, such as *education support, women's entrepreneurship, and environmental protection*. This approach transforms charity into a *social investment* that strengthens the company's business ecosystem.

The *fourth theme*, *the implementation of charity strategy at Paragon Technology and Innovation (PTI)*, shows that PTI's charitable initiatives are an integral part of its *corporate strategy*, known as "*Meaningful Innovation for a Beautiful Life*." PTI's social programs are managed by a dedicated division that works directly with *top management*, indicating that charity holds a *strategic role in business decision-making*. Activities such as *scholarship provision, educational support, and social campaigns* are seamlessly integrated into the company's *brand communication strategy*. This demonstrates that *charity is not a peripheral activity*, but a *core component of PTI's business strategy*—reinforcing its identity as a *value-driven and socially responsible family business*.

Overall, the literature review findings indicate a *reciprocal relationship* between *charity and family business sustainability*. On one hand, *family values* drive companies to engage in consistent and meaningful social actions; on the other hand, these actions *enhance the company's social and economic legitimacy* in the eyes of society and consumers. This relationship aligns with Porter and Kramer's (2019) *Creating Shared Value (CSV)* concept, which posits that strategic social initiatives can generate shared benefits for both *businesses and communities*. In the case of *Paragon Technology and Innovation*, the *synergy between family values, spirituality, and modern business focus* has become the key to successfully positioning *charity as a sustainable, high-impact business strategy*.

## CONCLUSION

Based on a *systematic review of various literature sources* and a *case study of Paragon Technology and Innovation (PTI)*, it can be concluded that *charity plays a strategic role* in strengthening the *sustainability of family businesses*. Through the *Systematic Literature Review (SLR)* approach, this study finds that *charity* is not merely an act of *social concern*, but also a *business instrument* that reflects *family values*, enhances *corporate reputation*, and improves the *competitive advantage* of the company.

In the context of *family businesses*, *charity* serves as a manifestation of *moral and spiritual values* inherited from the founders, which are then implemented in *corporate strategies* to build *harmonious relationships* with society. In the case of *Paragon Technology and Innovation (PTI)*, social initiatives such as the *Wardah Inspiring Movement* and the *Paragon Scholarship Program* have been shown to generate positive impacts on *brand image*, *consumer loyalty*, and *corporate social legitimacy*. The integration of *humanitarian and spiritual values* into the business strategy demonstrates that *charity* can serve as a *sustainable strategic resource* that not only strengthens the company's *identity*, but also creates *shared value* between the business and the community.

Thus, *charity can be positioned as an effective family business strategy* when implemented in a *planned, measurable, and value-oriented manner*. These findings offer important implications for other *family businesses in Indonesia*, encouraging them to make *social initiatives an integral part of their long-term strategies*, rather than temporary philanthropic activities. Future research is recommended to conduct *empirical qualitative studies* to gain deeper insights into the *decision-making processes* and *socio-economic impacts* of *charity strategies* within family businesses across various *industry sectors*.

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