

CORPORATE SOCIAL RESPONSIBILITY (CSR) AS A FORM OF IMPLEMENTING CORPORATE RESPONSIBILITY TO THE ENVIRONMENT AND SOCIAL COMMUNITY

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Abstract: Corporate Social Responsibility (CSR) is an improvement in the quality of life which means the ability of humans as individual community members to be able to respond to existing social conditions, be able to enjoy and take advantage of the environment, in other words, it is a way for companies to regulate business processes to produce positive impacts on the environment. community which is an important process as a form of implementation of corporate responsibility to the environment and social community. The government's policy on CSR is contained in Law Number 40 of 2007 concerning Limited Liability Companies. What is safe is that this writing is carried out using a research method with a normative juridical approach, namely legal research that refers to the legal norms contained in the legislation. Corporate responsibility to the public interest can be realized through the implementation of sustainable CSR programs and directly touch aspects of people's lives. The realization of CSR programs is an indirect contribution of the company to the strengthening of overall social capital.

Keywords: CSR implementation, policy, regulation

1. INTRODUCTION

Corporate Social Responsibility or social and environmental responsibility is the company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment that is beneficial for the company itself, the local community and society in general.¹

The complexity of social problems (social problems) are increasingly complicated and the implementation of decentralization has placed Corporate Social Responsibility (CSR) as a concept that is expected to be able to provide new breakthrough alternatives in empowering the poor.² Along with the development of the era, companies are also faced with increasingly complex interests. However, today's modern era companies realize that they need to implement a more friendly company, which is not only to gain their own profits, but also to pay attention to various aspects of society, especially the principle of sustainability which will create stable conditions. The company's bottom line is no longer just a single bottom line, but companies must emphasize the triple bottom line, namely profit, people and planet.³

Nowadays, Corporate Social Responsibility (CSR) is increasingly being discussed, both by corporations, bureaucracies and community groups/NGOs.⁴ Indeed, compared to a few years ago, the term CSR is now increasingly popular among the public and business people.⁵ CSR is important for the development of the company through the company's interaction with community empowerment. With the right policies, the company as an industry can devote its attention to processes and community development that can improve the welfare of the community by synergizing in the company's business activities.⁶

CSR itself is an organic relationship between companies, increasing profits and developing social activities. The more organic the relationship, the more guaranteed the company's long-term profits. Organic shows that the relationship is established systematically and harmoniously between the company and the community's environment. Furthermore, by understanding the right needs of the community, long-term company profits will be maintained. CSR can be an instrument of integrity management with government programs in improving people's welfare. The right CSR policy can build harmony in corporate communications with government policies and improve community welfare.⁷

Implementing CSR consistently in the long term will foster public gratitude for the company's presence. This condition in turn can provide economic-business benefits to the company concerned. With such an understanding, it can be said that CSR is a prerequisite for companies to be able to achieve strong socio-cultural legitimacy from the community.

Basically, companies and communities are stakeholders who need and influence each other. The relationship between the two must be mutually trusting as a unit of social capital. As a unit, it means that the company really needs the community as stakeholders. From this it can be understood that CSR can be implemented when the company operates ethically in accordance with the business ethics inherent in the company, which does not only pursue financial gain. As a form of CSR or social responsibility itself, there are various kinds. Starting from carrying out activities that can improve community welfare and improvement of the surrounding environment, providing scholarship assistance for underprivileged children, providing funds for the maintenance of public facilities.

¹Law No. 40 of 2007 concerning Limited Liability Companies. Chapter I Article 1 Number (3).

²Hendrik Budi Untung. Corporate Social Responsibility. Sinar Graphic Jakarta 2008 page 1

³Yusuf Wibisono. Dissect the concept and application of CSR. Fascho Publishing Gresik 2007 page 7

⁴Good Luck. CSR in the business world. Andi Offset. Yogyakarta 2014 page 3

⁵Hendrik Budi Untung, Op.Cit pp. 5

⁶Good Luck. Op.Cit page 7

⁷Habib Adji. Legal Entity Status, Principles and Social Responsibility of Limited Liability Companies. CV. Mandar Maju Bandung 2018 page 54

2. RESEARCH METHODS

The research method used in this research is normative legal research, namely legal research that refers to legal norms contained in legislation.⁸ Where the focus of the study is positive law. The positive law referred to here is the law that applies at a certain time and place, namely a written rule or norm that is officially formed and promulgated by the authorities in addition to the written law, there are norms in society that are not written effectively that regulate behavior. community members.⁹ Based on the description of the implementation that has been stated above, this concept development plan will be discussed and explored matters related to the principles, conceptions, views, doctrines, contents of legal rules that are related to the implementation of Corporate Social Responsibility (CSR). as a form of corporate responsibility to the environment and social community.

3. RESULTS AND DISCUSSION

Corporate Social Responsibility(CSR) has been explicitly regulated in Indonesia in Law Number 40 of 2007 concerning Limited Liability Companies, Law Number 25 of 2007 concerning Capital Investment, and Regulation of the Minister of State for State-Owned Enterprises Number PER-5/MBU/2007 concerning Program SOE Partnership with Small Business and Community Development Program, as amended by Regulation of the Minister of State-Owned Enterprises Number PER-08/MBU/2013 concerning Fourth Amendment to Regulation of the Minister of State-Owned Enterprises Number PER-5/MBU/2007 concerning BUMN Partnership Program with Small Business and Community Development Programs.

The various purposes and reasons for the formation of laws and regulations are referred to as legal politics or legal policy. In making laws and regulations, policies or legal politics are very important, at least for 2 (two) things. First, as a reason why it is necessary to establish a statutory regulation. Second, to determine what will be translated into legal sentences and become the formulation of the article. Both are very important because the existence of statutory regulations and the formulation of articles is a "bridge" between the established legal politics and the implementation of the legal politics in the implementation stage of the legislation.¹⁰

Etymologically, CSR can be defined as Corporate and Corporate Social Responsibility. Globally, CSR is a company's commitment to have a responsibility to consumers, employees, shareholders, communities and the environment in all aspects of the company's operations. Although the word corporate is synonymous with corporations or companies, in fact the notion of corporations is not merely interpreted as a large company, but more broadly, namely a legal entity.¹¹

There is There are several other notions of CSR, which include:

1. A business approach that creates stakeholder value by summarizing all opportunities and managing all risks resulting from economic, environmental and social development activities;
2. A business commitment to act ethically, operate legally and contribute to economic improvement, along with improving the quality of life of employees, their families, local communities and society at large;

⁸Soerjono Soekanto and Sri Mamudji. Normative legal research. A quick review. Press 9 Rajawali Press Jakarta 2006 page 21

⁹Soerjono Soekanto. Ibid page 23

¹⁰Hukmahanto Juwana. "Politics of Law on Economic Law in Indonesia". Journal of Law Voll.01, No.1 2005 p 24

¹¹Gede AB Wiranata. Capital planning legal studies. Bandar Lampung, University of Lampung 2007 page 58

3. How large corporations seek to meet the capital needs of shareholders, while on the other hand at the same time increasing their positive impact on society in general;
4. The form of action on the program given to the community and the values that become the reference for corporate social responsibility. Actions in this case against corporate or closely related to the environment such as local communities and the natural environment or how the company implements or meets the needs of the surrounding community. While the value of CSR is more about corporate values that are used to implement or realize actions that are in accordance with the social conditions of the surrounding community;
5. The responsibility of an organization for the impact of an organization's decisions and activities on society and the environment, through transparent and ethical behavior that is consistent with sustainable development and community welfare. Paying attention to the expectations of its stakeholders, in line with applicable laws with behavioral norms and also integrated into the entire organization;
6. The commitment of the business world to contribute to sustainable economic development through collaboration with employees, their families, the communities of their lives in ways that are both good for business and development (International Finance Corporation).

The formulation of Corporate Social Responsibility stated by the father of CSR, John Elkington's, emphasizes the extent to which the concept of a company is to heed its obligations to consumers, employees, shareholders, society and ecology in all aspects of its activities.¹²

The spirit of CSR is expected to be able to help create a balance between the company, society and the environment. Basically, corporate social responsibility is expected to become a culture for the Indonesian people in particular, and the world community in solving social and environmental problems together.¹³

Almost all companies have carried out Corporate Social Responsibility (CSR) programs although these activities are still ongoing at the stage of seeking popularity and binding government regulations. For example, there are still many companies that if they provide assistance, the recipient of the assistance must put a company poster in its place as a sign that he has received assistance from the company. If a company helps the community sincerely, then the posting of the posters feels redundant.

The implementation of Corporate Social Responsibility (CSR) which incidentally strengthens the company's position in an area, through collaboration between stakeholders facilitated by the company through the preparation of a community development program around, or in the sense, the company's ability to adapt to the environment, community and stakeholders associated with the company, both locally, nationally, and globally, because the future development of Corporate Social Responsibility refers to the concept of sustainable development.¹⁴

The implementation of CSR must have legal regulations so that entrepreneurs can carry out CSR as well as possible. The regulations regarding CSR include:

1. Law Number 40 of 2007 concerning Limited Liability Companies. (UUPT)

¹²Busyra Azheri. Corporate Social Responsibility. From voluntary to mandatory. Rajawali Press Jakarta 2012 page 25

¹³Partner Development Unit. The purpose and benefits of Corporate Social Responsibility for the company <https://csrpdamkotabogor.wordpress.com/edukasi/purpose-dan-benefits-corporatesocial-responsibility-for-company>, accessed on Friday 17 December 2021 at 10:32 WIB

¹⁴Arif Zulkifli. History of corporate social responsibility or history of Corporate Social Responsibility. <https://bangazul.com/history-responsibility-social-company-or-history-of-corporate-social-responsibility>. Accessed Tuesday, December 21, 2021 at 11.02 am

The regulation on CSR is regulated in Chapter V. This is a new rule in the limited liability company law. Law Number 1 of 1995 concerning Limited Liability Companies does not regulate CSR. The regulation of CSR in Law Number 40 of 2007 is very minimal, consisting of only one article, which in article 74 requires CSR for Limited Liability Companies, namely:¹⁵:

- a. Companies that carry out their business activities in the field and/or related to natural resources are required to carry out social and environmental responsibilities;
 - b. The social and environmental responsibility as referred to in paragraph (1) is the company's obligation which is budgeted and calculated as the company's expense, the implementation of which is carried out with due regard to propriety and fairness;
 - c. A company that does not carry out the obligations as referred to in paragraph (1) is subject to sanctions in accordance with the provisions of the legislation;
 - d. Further provisions regarding social and environmental responsibility are regulated by a Government Regulation.
2. Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. (PP No. 47 of 2012)

In Article 4. PP No. 47 of 2012 it is stated that¹⁶“Social and Environmental Responsibility is carried out by the Board of Directors based on the company's annual work plan after obtaining approval from the Board of Commissioners or the General Meeting of Shareholders (GMS) in accordance with the company's Articles of Association. The company's annual work plan contains activity plans and budgets needed for the implementation of social and environmental responsibilities. Meanwhile, the implementation of social and environmental responsibilities is contained in the company's annual report and is accountable to the GMS” (Article 6 PP No. 47 of 2012).

In the explanation of article 74 of Law Number 40 of 2007 concerning Limited Liability Companies, it is clearly stated that the obligation to implement CSR for companies that carry out their business activities in and/or related to natural resources, does not only look at the core business of the company. Although the company does not directly carry out the exploitation of natural resources, as long as its business activities have an impact on the function of the ability of natural resources, the company is obliged to carry out its social responsibilities.¹⁷

Article 74 paragraph (1) of the Company Law, emphasizes "that companies engaged in the field of natural resources, businesses are obliged to carry out social and environmental responsibilities." The substance of this article emphasizes that only companies in the form of Limited Liability Companies (PT) and in the field of natural resources business are obliged to have social and environmental responsibilities.

The substance of this article is very narrow, namely that only companies engaged in the business (managing) of natural resources are obliged to have social and environmental responsibilities. The obligation of social and environmental responsibility should not only be for companies in the field of natural resources, but also for all companies. Narrow in terms of social responsibility associated with the environment only. As described above, social responsibility has a broad meaning or understanding and is not only related to the environment, but also related to aspects of the life of the surrounding community.

¹⁵Law No. 40 of 2007 concerning Limited Liability Companies

¹⁶PP No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies.

¹⁷Explanation of Law No. 40 of 2007 concerning Limited Liability Companies.

In Article 74 Paragraph (2) of the Company Law, that social responsibility is a company obligation that must be budgeted in the company's (financial) budget. With obligations like this, social responsibility for every company, must carefully calculate each company's expenses, so that the profit obtained is a net profit that does not need to be deducted from other obligations.

In Article 74 paragraph (2) of the Company Law, for companies that do not carry out their social and environmental responsibility obligations, the sanctions to be regulated must be emphasized:

- a. Shape and type. It is better not to sanction in the form of imposition of a sum of money or a crime, but in the form of an obligation to carry out certain social responsibilities that are appropriate or related to the company's line of business;
- b. Sanctions must be imposed by an institution or institution that is specifically created for this purpose and is independent;
- c. The sanctions imposed by the institution are binding and final, meaning that there is no legal process to other agencies;
- d. Every sanction imposed must be monitored and audited by an independent institution;
- e. If the sanctioned company does not comply or according to the agency that supervises and audits it is not wholeheartedly committed to implementing it, the agency may appoint another institution to carry out the social obligations at the expense of the sanctioned company, or;
- f. The appointed agency may recommend to the government that all permits related to the company be revoked.

Social responsibility arises and develops in line with the interrelation between companies and society, which is largely determined by the impacts arising from the development and civilization of society. The higher the level of community civilization, especially as a result of the development of science so as to increase awareness and concern for the environment, raises the demands of corporate responsibility. This is because increasing public knowledge increases the openness of future expectations and sustainable development.¹⁸

The limitation of the concept of Social Responsibility, has developed in its existence. Considering that social responsibility arises from the demands of stakeholders as a result of part of the rights owned being disturbed by the existence of the company.

Almost all companies have carried out Corporate Social Responsibility programs, although these activities are still ongoing at the stage of seeking popularity and being bound by government regulations. For example, there are still many companies that if they provide assistance, the recipient of the assistance must put a company poster in its place as a sign that he has received assistance from the company.

The implementation of Corporate Social Responsibility in fact strengthens the company's position in an area, through collaboration between stakeholders which is facilitated by the company through the preparation as a program for the development of the surrounding community, or in terms of the company's ability to adapt to the environment, community and stakeholders related to the company, both local, national and international. global, because the future development of corporate social responsibility refers to the concept of sustainable development.

Brodshaw and Vogel state that there are 3 (three) dimensions that must be considered, in relation to the scope of corporate social responsibility, namely:¹⁹:

¹⁸Nor Hadi. Corporate Social Responsibility. Graha Ilmu Yogyakarta 2013 page 48

¹⁹Amin Widjaja. Business, Ethics and Corporate Social Responsibility concepts and cases. Harvarindo, Jakarta 2008 page 22

1. *Corporate philanthropy*, are charitable efforts carried out by a company. Where these charitable efforts are not directly related to the normal activities of the company. These charities can be a direct response of the company to requests from outside the company or also the formation of a specific body, such as a foundation to manage the charity;
2. *Corporate Responsibility*, is a business as a form of corporate social responsibility while pursuing profitability as the company's goal;
3. *Corporate Policy*, is closely related to how the company's relationship with the government is related to the bargaining position of a company with the existence of various government policies that affect the company and society as a whole.

According to Jack Mahoney in his speech, he emphasized that through the ethical practices of today's modern business world, the scope of CSR can at least be divided into 4 (four) things, namely:²⁰:

add 1. The company's involvement in social activities that are useful for the benefit of the wider community;

This activity can be realized in various forms including the construction of houses of worship, building public facilities and infrastructure, reforestation, providing scholarships, training for free, and so on. There are several reasons why companies are involved and/or involved in these social activities²¹:

- a. The company and its employees are an integral part of the local community;
- b. The company has benefited by getting the right to manage natural resources or other activities that exist in the community and bring benefits to the company. At a certain level the community has been instrumental in providing professional staff for the company;
- c. The company has demonstrated its moral commitment not to carry out activities that are detrimental to the community;
- d. As an effort to establish interaction and communication between the company and the community, so that the company's existence can be accepted in the community.

add 2. economic benefits obtained by the company;

M. Fredman argues that the only social responsibility of the company is to bring the maximum profit for the company. Economic profit is seen as a legal scope of moral and social responsibility of a company. When viewed from classical economic theory, the company's responsibility is how to collect as much profit as possible. However, when viewed from the optics of modern business, it is very difficult to separate economic benefits from social engagement. The facts show that the involvement of social activities as a form of CSR greatly supports business activities and ultimately benefits the company itself;

add 3. Comply with applicable laws, both related to business activities and the social life of society in general;

In this regard, Jack Mahoney firmly emphasized that the "most and urgent" scope of corporate social responsibility today is how a company complies with the rule of law. The basic assumption used by Jack Mahoney is that if a company does not comply with the existing legal rules, as do other people, then order and order in society will not be realized. Likewise with companies, if they do not comply with legal provisions, there will be no peace, tranquility and security in carrying out each of their business activities;

²⁰Ibid p. 46

²¹Sony Keraf. Business ethics, demands and their relevance. Kanisius Yogyakarta 1998 page 124

add 4. Respect the rights and interests of stakeholders or related parties who have a direct or indirect interest in the company's activities.

Corporate social responsibility will be a very concrete thing, for the sake of creating a social life, as well as for the sustainability and success of the company's activities itself. According to Wigrantoro Roes Setiadi, asserting that there are at least 5 (five) aspects that need to be a concern for companies when trying to improve their CSR, namely²²:

1. Doing business with regard to ethical social responsibility;
2. Protect its local business environment and the safety of all those associated with its business activities;
3. Provide economic and other benefits to communities where the company operates;
4. Support and contribute to human rights enforcement efforts;
5. Implement various policies, programs and practices to manage the company by complying with the principles of Good Corporate Governance (GCG), ensuring fair treatment to all stakeholders and providing complete and transparent information to the public.

4. CONCLUSION

CSR is a social and environmental responsibility for the company as a form of participation in sustainable economic development in order to improve the quality of life of the environment. Policy makers (legislative and executive) accommodate these policies within a regulatory framework which was originally based on business ethics that are closely related to moral values, and is used as a legal norm as outlined in the product of laws and regulations in which the policy is considered a transformative value.

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²²Ibid page 130

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