



Implementation of Corporate Social Responsibility (CSR) as an Embodiment of Corporate Environmental Social Responsibility in the Era of Globalization

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Abstract. Corporate Social Responsibility is a form of company contribution and responsibility towards the surrounding environment and aims at sustainable development by managing all its stakeholders. This research aims to determine and analyze the legal aspects of companies in providing Corporate Social Responsibility to the surrounding environment. Meanwhile, the research method used is qualitative, where the qualitative method aims to obtain a complete picture of a matter according to the views of the people being studied, and the results of this research explain that business operations are committed not only to increasing the company's financial profits, but also to socio-economic development. the region in a holistic, institutional and sustainable manner. With the provisions on the obligation to carry out CSR for companies in Indonesia, companies are not only expected to have Single Bottom Line responsibilities, namely responsibility for the company's financial condition only, but companies are also faced with Triple Bottom Line responsibilities. Therefore, companies that want to achieve corporate sustainability in creating CSR programs must not only pay attention to economic and social aspects, but also pay attention to environmental aspects so that the company's existence will be maintained and at the same time environmental sustainability. This means that CSR programs need to be aligned with the principles of sustainable development as mandated by the green constitution of the 1945 Constitution.

1. INTRODUCTION

The dynamics of environmental issues continue to take place in line with various efforts made at the global and national levels (Dewi, 2015). In accordance with the commitment of the 1972 Stockholm Conference, Indonesia always strives to develop national environmental law to manage the entire archipelago's environment. Especially since the issuance of the Limited Liability Company Law, namely in 2007, which regulates the obligations of companies to implement Corporate Social Responsibility. This concept actually requires all companies to be responsible for preserving the surrounding environment. Basically, the Company has a social responsibility towards parties outside management and capital owners. Companies sometimes neglect them on the grounds that they do not contribute to the survival of the company. This is because the company's relationship with its environment is non-reciprocal, that is, transactions between the two do not give rise to reciprocal achievements (Disemadi & Prananingtyas, 2020).

According to Haliwela, (2011) Corporate Social Responsibility (CSR) is an effort by a company to improve its image towards society by creating positive programs both external and internal. External programs can be run through partnership programs that involve all stakeholders to express the company's concern for the community and the surrounding environment. Furthermore, according to Hasnati, et al (2020) Corporate Social Responsibility (CSR) is a company's internal responsibility directed towards shareholders and employees in the form of profitability and company progress, as well as external responsibility related to taxpayers and job providers. improving the welfare and competence of society, and preserving the environment for future generations.

Hendar, (2017) said that demands for companies to provide transparent information, accountable organizations and better corporate governance (Good Corporate Governance) are increasingly forcing companies to provide information about their social activities. The public needs information about the extent to which companies have carried out their social activities so that people's rights to live in safety, peace and employee welfare can be fulfilled (Kangihade, 2013). Currently, CSR is one of the company's strategies. In an era where society is starting to care about the environment, CSR is a mandatory component and is no longer an option for companies. Several



companies such as Ben & Jerry's, Newman's Own, Patagonia, and Body Shop have grouped themselves together by making long-term commitments to CSR. The examples of several companies show that business and society have an interdependent relationship. Business needs society as buyers and funders and society also needs business for the products it produces. Business and community relations can be included as elements in a company's strategy to compete (Mallongi, 2020).

Muzakynur's research results (2021) explain that, in this modern era, Corporate Social Responsibility (CSR) has become a global phenomenon that cannot be separated from society's demand that companies care more about the environment because company activities will have a direct impact on their environment. Regardless of the controversy that accompanies it, companies, especially those based on natural resources, are obliged to implement CSR. However, Nayenggita, et al (2019) argue that, although CSR should be voluntary. In the PT Law, the definition of social and environmental responsibility focuses more on community development. Apart from the obligation to follow regulations, CSR should be implemented by companies, with their own awareness and on a voluntary basis.

In Indonesia itself, environmental sustainability has become government policy in every period. On the seventh Pelita through TAP MPR No. II/MPR/1998 concerning GBHN, stated "Environmental sector policies, among other things, regarding environmental development are directed so that the environment continues to function as a supporter and support for living ecosystems and the realization of dynamic balance, harmony and harmony between ecological, socio-economic, and socio-cultural in order to guarantee sustainable national development" (GBHN, 1998). Likewise, Law of the Republic of Indonesia no. 23 of 1997 concerning Environmental Management article 5 states 1) everyone has the same rights to a good and healthy living environment, 2) everyone has the right to environmental information relating to their role in environmental management, 3) everyone has the right to play a role in environmental management in accordance with applicable laws and regulations.

The implementation of CSR activities in Indonesia only started in the early 2000s, although the same basic essence activities have been running since the 1970s, at varying levels, ranging from the simplest such as donations to comprehensive ones such as being integrated into the company's operating strategy. 2 Strengthening the obligation to implement CSR by all companies is the reason for the government to issue a regulation through the Law on Limited Liability Companies No. 40 of 2007, which requires companies to implement CSR (Rahmanda & Njatrijani, 2019).

One of the regulations of the Limited Liability Company Law (UUPT) states that companies that carry out business activities in the field and/or related to natural resources are obliged to implement CSR in the environmental sector (Article 74 paragraph 1). With the company's function being so great for the community, the company can freely carry out its activities. It is true that the purpose of a company being founded is to provide for the needs of the community, but there is a more important purpose why the company was founded, namely seeking maximum profits, in order to achieve this goal in various ways so that it can ultimately have a negative impact on the environment. These negative impacts include pollution, poisoning, exploitation of natural resources, noise produced by production machines and so on.

If the negative impacts above are not controlled, they will be detrimental to society and the environment, because of the large impact of social costs on society, society wants these impacts to be controlled so that they do not cause too large a negative effect (Satrio, 2015). The implementation of social responsibilities that must be carried out by a company requires the implementation of business ethics. Companies that do not pay attention to the public interest and then cause environmental disturbances will be considered unethical businesses. The impetus for implementing business ethics generally comes from outside, namely from the community. Social problems such as city cleanliness, environmental health, public order, preservation of the natural environment and so on, encourage companies to carry out their business activities in line with the creation of these conditions (Sudirman & Disemadi, 2021).

Corporate legal responsibility from a business law perspective is related to two forms of responsibility, namely legal responsibility and social responsibility. Legal responsibility includes civil

aspects, criminal aspects and administrative aspects, while social responsibility is built on the foundation of moral norms that apply in society. In the 1990s, corporate social responsibility (CSR) was a new idea that attracted the attention of various groups in society, from academics, non-governmental organizations, to business people themselves. In the assessment of a company that implements CSR, the company is not only a business entity that is only trying to make a profit, but the company is an integral part of the economic, social and environmental conditions in which the company operates. So, based on the description and explanation of the background that has been presented above, researchers are interested in exploring more deeply the phenomenon of Corporate Social Responsibility (CSR) Implementation as a Manifestation of Corporate Social Responsibility in the Era of Globalization.

2. METHOD

This research aims to explain corporate CSR law based on plans and expected impacts. In this research, the method used is a qualitative method. Research using qualitative methods aims to obtain a complete picture of a matter according to the views of the people being studied. This is in line with the opinion of Sugiyono, (2013) who states that, through qualitative research, social problems can be understood and obtain a holistic and complete picture formed with words, as well as reporting the informants' views in detail, and arranged in a natural setting. Qualitative research is used if research factors cannot be quantified, cannot be calculated, or variables cannot be expressed with numbers such as perceptions, opinions, assumptions and so on.

3. RESULTS AND DISCUSSION

The development of a country is not only the duty and responsibility of the government, but every citizen has full responsibility in realizing the ideals of social welfare and improving the quality of life of their own community. The following are three groups that play an important role in the development of a country, namely: Government, Society (Citizen, people), and the Business World (Corporate). 1 The business world plays a role in encouraging financial growth and economic independence. Currently, the business world no longer only cares about the company's financial records (single bottom line), but its role includes financial aspects, social aspects and environmental aspects, which is also called the triple bottom line. The synergy between these three aspects makes the company's role the key to sustainable development. In this case the company has a social responsibility towards the surrounding community.

The business world needs to look for partnership patterns with all stakeholders so that they can play a role in development, as well as improve their performance so that they can survive and even develop. These efforts can generally be referred to as Corporate Social Responsibility (CSR) or corporate citizenship and are intended to encourage the business world to be more ethical in carrying out its activities so that they do not influence or have a negative impact on society and the environment, so that in the end the business world will be able to survive sustainably for obtain economic benefits which is the aim of establishing the business world. Corporate Social Responsibility (CSR) has been on the minds of policy makers for a long time (Suhadi et al., 2014).

In general, the current attention of policy makers to CSR has shown an awareness that there is the potential for negative impacts from a business activity (Suhendro et al., 2019). These adverse impacts must of course be reduced in such a way that they do not endanger the benefit of society while remaining conducive to the business climate. CSR concepts and practices have shown new symptoms as a realistic necessity to implement. Capital owners no longer consider CSR to be wasteful. The community also views this as something necessary, this is related to increasing social, humanitarian and environmental awareness.

The increasingly strong demand for companies to implement CSR is actually inseparable from the fact that the existence of a company can have a negative impact on society and the environment around it. CSR in the world and Indonesia has now become an important issue related to environmental impact issues in sustainable development. This emerged as a reaction from many

parties to environmental damage, both physical, psychological and social, as a result of improper management of production resources. Various types of environmental damage that cross national borders then appear in the world, such as the destruction of the ozone layer, global warming, reduced biodiversity, acid rain, and local environmental damage.

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The low awareness of implementing CSR in Indonesia is a very risky thing considering the increasing concern of the global community towards environmentally friendly products and the principles of Human Rights (HAM). The environment is an important aspect of CSR, so the concept of sustainable development should be reflected in CSR. The concept of sustainable development emerged in response to technological developments related to natural resource management.

CSR and sustainable development become important when linked to environmental issues. The demand to carry out CSR becomes inevitable, when the facts show that corporate consumption of natural resources (SDA) reaches more than 30 percent of what nature/the environment can provide. Therefore, in using natural resources and in order to implement CSR it is necessary directed towards the concept of sustainable development. The sustainable development paradigm must be understood as a political ethic of development, namely a moral commitment about how development should be organized and implemented to achieve goals (Sunaryo, 2013).

In Indonesia, CSR has been regulated (required) in Law no. 40 of 2007 concerning Limited Liability Companies (UUPT) and Law no. 25 of 2007 concerning Capital Investment (UUPM). With the enactment of these laws and regulations, CSR obligations have shifted from moral obligations to legal obligations so that their implementation can be enforced. In order to realize the objectives of the CSR arrangements above, CSR programs that are oriented towards sustainable development need to be prioritized. The implementation of CSR has obtained a legal basis in various laws and regulations and specifically in the environmental field, especially those related to sustainable development, it is also found in various laws. The enactment of Article 74 paragraph (1) of the Company Law is an obligation that can be accounted for in law, but specifically only for companies that carry out their business activities in the field and/or related to natural resources. For other companies, CSR is only a moral obligation, however, this moral obligation can also turn into a legal obligation. This is a logical consequence that the implementation of CSR is generally regulated in various legal regulations separately.

Legal provisions regarding environmental maintenance are actually contained in several articles such as Article 28H paragraph (1) and Article 33 which states that, Every person has the right to live in physical and spiritual prosperity, to have a good and healthy living environment. Natural wealth is used for the greatest prosperity of the people. The national economy is based on the principles of togetherness, efficiency, justice, environmental sustainability, independence, and maintaining the balance of progress and the national economy. Then Article 9 paragraph (3) where everyone has the right to a good and healthy living environment. And the last one is in Article 36-57 which reads, Specifically the rules regarding the classification of minerals, mining authorization, the relationship between mining authorization and land rights and all other regulations related to mining matters, as well as mining business permits.

The obligation to implement CSR above is not only for private companies but also for state-owned companies. The requirement for CSR is inseparable from the fact that environmental damage often occurs as a result of the negative impact of a company's existence. Therefore, companies today can no longer only be oriented towards the interests of shareholders, but must also pay attention to the

interests of stakeholders and the local environment/earth or be oriented towards the 3Ps, namely profit, people and planet (Fajar & Setyaningrum, 2017).

The 3P-oriented CSR demands above are actually beneficial¹⁶ for the long-term sustainability of the company itself, but are also a manifestation of the implementation of the principles of sustainable development as regulated in the constitution and various regulations as in the matrix above. With the regulation of the right to the environment as a human right in Article 28H paragraph (1) and the adoption of the principle of sustainable and environmentally sound development in Article 33 paragraph (4) of the 1945 Constitution, it shows that our Constitution has a green feel (green constitution).

CSR has now become an important issue where the role and existence of companies in developing countries is very influential in increasing the country's foreign exchange and which needs to be paid attention to, especially in relation to the impact of declining environmental conditions in the context of sustainable development. With that, the implementation of CSR refers to a company's obligations to protect the environment and contribute to the community where the company is located. CSR strengthened after it was stated firmly in PT Law Number 40 of 2007 article 74 paragraph 1.

In Law no. 40 of 2007 concerning Limited Liability Companies is considered a "Company commitment" which means it is more about a moral attitude than a legal obligation. Companies carry out social responsibility (corporate social responsibility) not only to help the government realize the social welfare of the entire community, but also because there are benefits to be gained by the company, namely (1) The company gets a positive image from the community, especially in companies going public which require a good image so that the share value is good and competitive (2) The company can achieve sustainability and avoid conflicts between the company and its stakeholders, where the company cannot run well if it does not have good relations with the community. The sustainability of a company is not only related to making a profit. Apart from connecting with society, companies (business) cannot be separated from the role of government, because business and government are institutions that work in society and constantly move and interact with each other to bring about change, so government, business and society influence each other. .

Companies can make a direct contribution to environmental sustainability in the area where the company is located, therefore preserving the environment, directly or indirectly, will still have a positive impact on its users. Maintaining environmental sustainability and sustainability is a long-term investment because activities to preserve the environment can save a company's production costs. For example, many companies are starting to save water usage and manage waste well, this can indirectly reduce the costs borne by the company while preserving the environment.

Corporate social responsibility (CSR) is strictly regulated in Indonesia, in Law Number 40 of 2007 concerning Limited Liability Companies, there are four legal reasons for the need for CSR to be regulated in Indonesian legislation. The four legal reasons consist of (1) Philosophical reasons in order to further improve national economic development which at the same time provide a solid foundation for the business world in facing economic developments in the era of globalization in the future, need to be supported by a law regulating limited liability companies. which can guarantee the implementation of a conducive business world climate (Utama, 2020).

Furthermore, the historical reason is that since the collapse of the New Order dictatorial regime, people have become increasingly brave to aspire and express their demands for the development of the Indonesian business world. Society has become increasingly critical and able to exercise social control over the business world. This requires business people to run their businesses more responsibly. Business people are not only required to gain profits from their business fields, but they are also asked to make positive contributions to their social environment.

The existence of sociological reasons basically for the formation of CSR-related regulations is also inseparable from the existence of stakeholder theory and legitimacy theory. In this case, the existence of CSR regulations in Law Number 40 of 2007 concerning Limited Liability Companies, cannot be separated from the role of the government in trying to consider the conditions of

stakeholders around large companies in Indonesia. Apart from that, it is not surprising that currently the public is anxious, even afraid of the direct impacts and implications that will have on the activities of companies that explore natural resources. This can also have various logical consequences for the surrounding community.

Factors that influence the implementation of corporate social responsibility according to the Prince of Wales Foundation include (1) concerning human capital or human empowerment (2) environments which talk about the environment (3) Good Corporate Governance (4) social cohesion, meaning, in implementing CSR should not cause social jealousy (5) economic strength or empowering the environment towards economic independence. However, behind the implementation of CSR by companies there are several prominent motivations, namely to ensure the company's survival, improve the company's image, and to create harmonious relationships with society.

It should also be noted that there are actually several main supporting factors in implementing CSR in a company, namely, the existence of awareness from the company itself, even though the motive is an effort to maintain good relations with stakeholders, strategic CSR planning will be able to make this program a social investment to empower society, so that they are fully able to support economic and social life independently, gradually and sustainably.

With the aim of providing support to developing country governments regarding the importance of the role of CSR and how to develop CSR implementation instruments that are able to match the public policy objectives to be achieved with CSR activities developed by the business world, community development is an effort to improve the quality of the people living in areas of enterprise invested by entrepreneurs so that they are able to catch up in various fields of life. Normatively, the obligation to develop society includes developing the quality of human resources, health and economic growth.

Environmental Social Responsibility is a company obligation that is budgeted and calculated as company costs, the implementation of which is carried out by paying attention to propriety and fairness. Companies that do not carry out social and environmental responsibility obligations are subject to sanctions in accordance with statutory regulations. Corporate social and environmental responsibility is the company's moral responsibility towards both employees within the company itself (internal) and outside the company environment (external). because companies are actually also part of society.

4. CONCLUSION

Corporate social responsibility (CSR) is strictly regulated in Indonesia, in Law Number 40 of 2007 concerning Limited Liability Companies, there are four legal reasons for the need for CSR to be regulated in Indonesian legislation. The four reasons are philosophical, juridical, sociological and historical reasons. Indonesia is one of the countries that implements corporate social responsibility with an implicit approach. Issues regarding corporate social responsibility are regulated in statutory regulations. Companies that want to achieve corporate sustainability are required to have CSR programs that are oriented towards sustainable development. The CSR programs referred to are programs that are always oriented towards the Principles of Environmental Management (DPLH). Companies with good environmental performance are also proven to have greater social concern for both the community and their workforce. Companies with good environmental performance not only express the company's concern for the environment but also about product quality, product safety, corporate social responsibility towards the surrounding community, and the company's concern for the safety and welfare of its workforce.

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