



APPLICATION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) PRINCIPLES IN BUSINESS PRACTICES IN INDONESIA

Parlindungan Purba¹, Micael Jeriko Damanik², Dikki Saputra Saragih³,
Finceria Trikasari Lawolo⁴

Universitas Sari Mutiara Indonesia.^{1,2,3,4}

*Correspondence Email: parlindunganpurba@gmail.com, micaeljeriko88@gmail.com, dikkisrg@gmail.com

Abstract

The application of criminal sanctions to the implementation of corporate social responsibility (CSR) is an important issue in company law. There is a lack of harmony between the regulations governing CSR, such as the Monetary Regulations, the Law on Social and Ecological Obligations of Limited Liability Organizations, and the Regulation on Risk-Limited Organizations. Although these guidelines set out social and ecological obligations for organizations, there is a lack of clarity in determining the types of sanctions that can be applied for violations of CSR commitments. The importance of approval of CSR continues to be linked to the quality of CSR practices. As a legal consequence, permits can be used as a tool to enforce CSR commitments. However, the lack of clarity in the approval guidelines causes confusion in the implementation of sanctions, including criminal sanctions. Therefore, it is necessary to consider revisions in the legislation governing CSR to avoid inconsistency and ambiguity in the implementation of CSR sanctions.

Keywords: *Criminal Sanctions, Law Enforcement, corporate social responsibility*

INTRODUCTION

Corporate social responsibility is an idea that includes an association, which takes part in functioning, especially in the corporate sector, which has a big responsibility towards the organization, starting from consumers, workers, investors, networks and the general climate in all parts of the company. Organizational tasks, for example, relate to issues that affect the general climate. For example, organizational waste, organizational contamination and even safety of goods and work. Law No. 40 of 2007 article 1 paragraph 3 concerning limited liability companies (UUPT) states that "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 which is beneficial, both for the company itself and the community. local, and society in general.

Implementation of CSR in Indonesia can basically aim to strengthen the community's economy through small and medium enterprises and develop local human resources through work in educational institutions and foundations. There are many ways that an organization can use to obtain government assistance in the surrounding area, namely by providing grants to the oppressed young generation in the surrounding area, providing assets for the maintenance of public offices, increasing the development of city/regional offices that are social and valuable for the local area. for some individuals. individuals, especially the area around where the organization is located and are worried about the organization's waste. By doing this or expanding awareness of it, the organization will also gain useful things, for example:

- Improve the Company's image
- Develop cooperation with other companies
- Strengthen the Company's brand in the eyes of the public
- Providing innovation for the Company

By looking at this situation, the author can examine a problem, namely "The application of corporate social responsibility (CSR) principles in business practices in Indonesia"

Formulation of the problem

Based on this background, here we can raise a problem, namely:

- a. How are criminal sanctions applied to the implementation of corporate social responsibility?
- b. What are the legal consequences for limited companies that do not implement corporate social responsibility?

Research purposes

- a. To find out the application of criminal sanctions to corporate social responsibility
- b. To find out the legal consequences for limited companies that do not implement corporate social responsibility

Benefits of research

The results of this research can be a source of knowledge and open insight to solve problems that occur in companies as well as the application of criminal sanctions and legal consequences to limited companies that do not implement corporate social responsibility. Apart from that, this research can be useful for companies and society in general regarding the importance of implementing law in the business world.

METHOD

In this composition, regulations regarding legal examination or writing are used. More specifically, in this writing, the emphasis is on a problem that arises in a writing study, where the aim of a problem is solved using various literature and rules related to overcoming a problem.

STUDY THEORY

Understanding CSR (corporate social responsibility)

The idea of Corporate Social Obligation (Corporate Social Obligation) is actually not something new, it is something that is new today and has become the responsibility of every organization to be responsible for the climate and network around it. According to Soeharto (2007: 16), CSR is a business activity that is committed not only to expanding organizational profits financially, but also to improving local finances in a comprehensive, institutional and reasonable manner. The idea of Corporate Social Obligation (Corporate Social Obligation) is actually not something new, it is something that is new today and has become the responsibility of every organization to be responsible for the climate and network around it. According to Soeharto (2007: 16), CSR is a business activity that is committed not only to expanding organizational profits financially, but also to improving local finances in a comprehensive, institutional and reasonable manner.

The definition of CSR according to expert opinion is as follows:

1. According to Nor Hadi, CSR, namely corporate social responsibility, is an action based on the company's ethical considerations that is directed at improving the economy, often by improving the quality of life for employees and their families, as well as improving the quality of life for society in general.
2. According to Hendrik Budi Untung, CSR is one of the Company's commitments to contribute to sustainable economic development while still paying attention to corporate social responsibility by focusing on a balance between economic, social and environmental aspects.
3. According to Sukrino Agoes, CSR is the company's various social responsibilities to employees (internal) and outside the company (external) because the company is part of the environment.

Limited Liability Company Social and Environmental Responsibility in PP 47/2012

As one of the legal foundations for CSR that is currently active, PP 47/2012 describes various principles related to an organization's CSR commitment in depth. Some of them are as follows.

1. TJSL or CSR is an obligation for companies that carry out business activities in the field and/or related to natural resources and this obligation must be implemented both inside and outside the environment (Article 3 PP 47/2012).
2. 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 GMS in accordance with the company's articles of association. Then, the company's annual work plan must contain the activity plans and budget required for implementing TJSL or CSR (Article 4 PP 47/2012).
3. Companies that carry out their business activities in the field and/or related to natural resources, in preparing and determining activity plans and budgets must pay attention to propriety and fairness. Then, the realization of the budget for implementing TJSL or CSR carried out by the Company is calculated as company costs (Article 5 PP 47/2012).
4. The implementation of social and environmental responsibilities is included in the Company's annual report and is accountable to the GMS (Article 6 PP 47/2012).
5. Companies that do not carry out TJSL or CSR responsibilities will be subject to sanctions (Article 7 PP 47/2012)

RESULTS AND DISCUSSION

Contents Results and Discussion

1. Application of Criminal Sanctions to the Implementation of Corporate Social Responsibility

In its writing, the reference to the words Monetary Regulations indicates that the legal subject, in this case a legal entity or association, is a person who has special privileges and commitments. The unofficial law on the Social and Natural Obligations of Limited Risk Organizations (PP 47/12) forms the basis for Public Authorities in establishing Verordnung or implementing guidelines, and it implies that the guidelines are prominent enough to be noticed and have an impact that could be detrimental. climate, in this way it is very appropriate to promulgate Unofficial Law Number 47 of 2012 concerning the Social and Ecological Obligations of Limited Liability Organizations (PP 47/12) which is worrying here is that the reason is only Limited Liability Organizations even though in fact the organization or organizations that working in the business sector is a legitimate subject. In Regulation Number 40 of 2007 concerning Risk-Limited Organizations (UUPT), essentially commitment is an obligation, in this case social and ecological obligations are the organization's obligation to complete monetary improvements so that they are more advanced and of high quality, which is useful for working on a way of life.

Furthermore, the climate is more valuable, other than for the organization or for the local area. Regarding the non-synchronization of CSR or Social and Ecological Obligations, one of the regulations is Regulation Number 40 of 2007 concerning Prohibited Risk Organizations, while the Public Agency Guidelines of the Republic of Indonesia Number 47 of 2012 concerning Prohibited Social and Natural Obligations of Risk Organizations where the guidelines state that the Commitment Implementer report as obligations, especially environmentally friendly and natural obligations, which are stated in the organization's annual report, must be conveyed to the specified parties, which is the order of the Organization Regulations, as well as approval arrangements, especially that organizations that abuse or do not carry out these obligations are likely to will be subject to sanctions. or vice versa discipline according to material guidelines. In its writing, the reference to the words Monetary Regulations indicates that the legal subject, in this case a legal entity or association, is a person who has special privileges and commitments. The unofficial law on the Social and Natural Obligations of Limited Risk Organizations (PP 47/12) forms the basis for Public Authorities in establishing Verordnung or implementing guidelines, and it implies that the

*Parlindungan Purba¹, Micael Jeriko Damanik², Dikki Saputra Saragih³,
Finceria Trikasari Lawolo⁴*

guidelines are prominent enough to be noticed and have an impact that could be detrimental. climate, in this way it is very appropriate to promulgate Unofficial Law Number 47 of 2012 concerning the Social and Ecological Obligations of Limited Liability Organizations (PP 47/12) which is worrying here is that the reason is only Limited Liability Organizations even though in fact the organization or organizations that working in the business sector is a legitimate subject. In Regulation Number 40 of 2007 concerning Risk-Limited Organizations (UUPT), essentially commitment is an obligation, in this case social and ecological obligations are the organization's obligation to complete monetary improvements so that they are more advanced and of high quality, which is useful for working on a way of life.

Furthermore, the climate is more valuable, other than for the organization or for the local area. Regarding the non-synchronization of CSR or Social and Ecological Obligations, one of the regulations is Regulation Number 40 of 2007 concerning Prohibited Risk Organizations, while the Public Agency Guidelines of the Republic of Indonesia Number 47 of 2012 concerning Prohibited Social and Natural Obligations of Risk Organizations where the guidelines state that the Commitment Implementer report as obligations, especially environmentally friendly and natural obligations, which are stated in the organization's annual report, must be conveyed to the specified parties, which is the order of the Organization Regulations, as well as approval arrangements, especially that organizations that abuse or do not carry out these obligations are likely to will be subject to sanctions. or vice versa discipline according to material guidelines.

2. legal consequences for limited companies that do not implement corporate social responsibility

The importance of agreeing to this situation is always linked to the qualities contained in normal practices, namely ensuring that these guidelines can continue to be implemented as they should, and providing a sense of security to the community from misfortunes that can be caused by other people. Departing from the nature of not having to refrain from the values that need to be maintained in carrying out CSR in the Risk-Restricted Organizations Law (UU 40/2007), the use of permits as a legal consequence for violators should be implemented. Regarding the arrangements stipulated in the Organization Regulations regarding organizational obligations, in particular an organization that carries out a business movement related to fixed assets must complete its commitments, especially as friendly obligations and natural obligations, then these commitments is an organizational obligation that is carried out. If necessary, the neglected organization will most likely provide authority or punishment according to material guidelines. In accordance with the discussion regarding whether or not it is appropriate to impose sanctions on violators of CSR commitments in accordance with the Company Law. The following is a review of authority guidelines in unofficial laws as guidelines for implementing Regional Regulations and Regional Guidelines for implementing regulations in the provincial independence system.

In UUPT Article 7 paragraphs 1,2,3 and 4, organizations that do not have social and natural obligations will most likely be subject to sanctions according to applicable guidelines. However, the approval given was not satisfactory. The regulations and guidelines that apply in Indonesia are "Formell Gestz" and "Verordnung&Autonomie Satzung". regulations (UU) and legal guidelines made by an organizing organization in other comparable guidelines as well as legal guidelines starting from the authority, attribution and designation of different guidelines. Informal laws, especially Number 47 of 2012 concerning Social and Ecological Obligations of Limited Risk Organizations (PP 47/12) can be considered as details, implementation of regulations or elaboration of Article 74 of the PT Regulation concerning social and natural obligations which are organizational commitments. In order to direct organizations with limited responsibility, regulations regarding CSR commitments for organizations should be implemented through legal guidelines and granting permits to violators. The Law on Natural Security and its Management (UU 32/2009) states that climate has an influence on society, especially something that has an impact on climate change caused by the business activities of an organization.

The impacts that can occur on the climate for living creatures can cause routine damage to the climate that affects the quality guidelines, limits and boundaries of climate delivery. Organizational exercises that tend to harm the climate can be carried out by communities or business entities (partnerships). Plans related to authorization will have results that are calculated as controlling violations that occur. According to a natural perspective, violations of the Ecological Guarantee and Council arrangements can be carried out through several means, including managerial, criminal and general regulations. The approval guidelines in the PT Regulations do not regulate in depth the types of approval that can be applied in controlling violations of CSR commitments for organizations. limited.

The lack of clarity in the approval guidelines in the PT Regulations makes the guidelines in the implementation guidelines chaotic or even unfit to be implemented due to the lack of clarity. Bearing in mind that Article 74 of the Organizational Regulations only regulates the burden of authority as one type of disciplinary violation of CSR commitments, its implementation guidelines, especially the Public Authority Guidelines on the Social and Natural Obligations of Limited Responsibility Organizations (PP 47/2012) can also regulate sanctions for violations as specified in Article 74 Organization Regulations. Due to the lack of clarity regarding the types of authority in Article 74 of the PT Regulations, linguistically it can be interpreted that violations of CSR commitments are threatened with sanctions but not really within the framework of a criminal agreement. Considering several regulations indicating the quality of local guidelines, some things that can be considered related to the burden of agreeing to violations of CSR arrangements for Organizations include:

1. Regional regulations regarding CSR can be formed as a further elaboration (implementation regulations) of the provisions of Article 74 of the PT Law
2. The authority of the Government, in this case the Province or Regency or Municipality, to form regional regulations on CSR comes from delegated authority as delegated through the provisions of Article 74 paragraph (3) of the PT Law.
3. As an elaboration of the PT Law, regional regulations must be in accordance with other regulations that are higher than the regional regulations as regulated as a form of level of statutory regulations in Law No. 12 of 2011.
4. Regional regulations can outline provisions regarding the imposition of sanctions contained in the Company Law by implementing administrative sanctions, civil sanctions or criminal sanctions.
5. Provisions for criminal sanctions that can be regulated in a Regional Regulation are in the form of punishment or imprisonment for a maximum of six (6) months or a fine of a maximum of fifty million rupiah.

Pay attention to whether the imposition of a criminal penalty or sanction in a Regional Regulation is an appropriate sanction or punishment or is the opposite in relation to CSR responsibilities for the company. As stated by Teguh Prasetyo, this is a regional government policy in formulating regional regulations that regulate criminal provisions. In order to strengthen the regulations regarding the types of sanctions in the regulations implementing the provisions of Article 74 of the PT Law, it would be appropriate to use the principle of "lex superiore derogat lege inferiore", that legal norms or provisions at a higher level kill or defeat provisions or legal norms at a lower level, by paying attention to the regulated studies or the time and territory in which the regulation applies.

Criminal sanctions could be ideal to be implemented in a regional regulation that regulates CSR but it is necessary to pay attention to matters related to law enforcement and in accordance with the direction and goals of national and regional development in accordance with the character of each regulation. Regardless of the type of sanctions in regulating CSR obligations, a view can be drawn, namely that the material regulated in Article 74 of the Company Law does not clearly regulate sanctions, as does Government Regulation Number 47 of 2012 concerning the Social and Environmental Responsibility of Limited Liability Companies (PP47/2012). To overcome inconsistencies and even vague norms in CSR regulations, it is necessary to consider revisions in

order to create regulations regarding CSR in accordance with good legislation that does not give rise to multiple interpretations and confusion in its implementation.

CLOSING

Conclusion

Based on the study presented in the contents of the paper above, several conclusions can be drawn, including:

1. Regulation of criminal sanctions regarding CSR in Article 74 of Law No. 40 of 2007 concerning PT and PP No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. This is the case where the provisions of Article 74 of the Company Law regulate the imposition of sanctions by implementing CSR on Corporate Companies, whereas PP 47 of 2012 does not specifically regulate sanctions as referred to in Article 74 of the Company Law.
2. The legal consequences for PTs that do not implement CSR have not been clearly regulated so that the regulation of criminal sanctions regarding CSR in the Company Law is the urgency of elaborating or detailing the types and technicalities of imposing sanctions in Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies (PP 47/2012) or in Regional Regulations (perda) as Implementing Regulations of Article 74 UUPT.

SUGGESTIONS

The suggestions from the research are:

1. The authority holders, namely the legislative institutions (President and DPR), are expected in forming or formulating a legislative regulation to pay attention to theories, principles and Law 12 of 2011 concerning the Formation of Legislative Regulations so that in this case there are no provisions that can be interpreted multiple times. cause confusion or obstacles in its implementation.
2. It would be better if Limited Liability Companies as implementers of the Law and legislative institutions holding the authority to form Government Regulations, are expected to be more careful and thorough in formulating norms related to sanctions in Government Regulations so that the purpose of Government Regulations cannot even be an elaboration of material contained in general Laws. or less clear.

REFERENCES

- Putu Dianda Prajna Putri (Paper)
Knowledge of sanctions for corporate social responsibility in limited companies.
Krisna Sanarta 10 April 2023
Company CSR Obligations in Legislation.
Agni Hariyanto 26 December 2020
CSR-Definition, Model, Goals, Benefits and Examples.
- Book**
Muchtar Anshary Hamud Laputarun (et al) 2022
Corporate CSR
- Constitution**
UU no. 47 of 2007 (article 1 paragraph 3)
About limited liability companies.