

Implementation of Corporate Social Responsibility By Companies To Establish Corporate Existence In Society (A Review From Business and Legal Norm Perspectives)

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ABSTRACT

Corporate Social Responsibility (CSR) emerged as a prominent concept in the 1990s, garnering attention from academics, non-governmental organizations (NGOs), and business practitioners. Initially, CSR focused on corporate accountability to shareholders but later expanded to include broader responsibilities to stakeholders, such as employees, consumers, suppliers, communities, and environmental constituents. In Indonesia, the legal framework for CSR is established under Law Number 25 of 2007 on Investment and Law Number 40 of 2007 on Limited Liability Companies, transforming CSR from a moral obligation into a legal mandate. This shift has sparked debates concerning the conceptual and practical aspects of CSR. However, fulfilling CSR obligations, both legal and social, positively impacts a company's existence in society. Companies adhering to these obligations are perceived more favorably, enhancing their corporate image and long-term sustainability. This study examines the implementation of CSR through the lens of business ethics and legal norms, highlighting its role in reinforcing corporate existence in the community.

Keywords: Corporate Social Responsibility, Legal Obligations, Business Ethics

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INTRODUCTION

In the 1990s, Corporate Social responsibility (CSR) became an idea that captured many circles, from the academic community, non-governmental organizations (NGOs), to business people. It is not surprising that the annual reports of several multinational companies that have carried out CSR practices to achieve profits are no longer placed as the only measure of success in developing the company's existence (Revathy, 2012).

This discussion about CSR is actually not new. The term CSR began to develop in the 1970s. In that era, it was triggered for the government to intervene aimed at expanding the scope of CSR. The scope of CSR not only includes corporate responsibility to shareholders, but also to workers, consumers, and suppliers. community, the creation of clean air, clean water, and other constituents where the corporation is located (Tai & Chuang, 2014).

The discourse on the need for CSR has been elaborated by Law Number 25 of 2007 concerning Investment (hereinafter referred to as UUPM) and Law Number 40 of 2007 concerning Limited Liability Companies (hereinafter referred to as UUPM). When CSR is elaborated by the two laws, several controversies arise both related to the concept of CSR itself and those related to responsibilities that are derived from business ethics into a legal norm (Ćeha, 2013).

Corporate Social Responsibility (CSR) has evolved from being a supplementary business activity to a core strategy for fostering long-term sustainability and corporate credibility (Fordham, Robinson, & Blackwell, 2017). As businesses increasingly recognize the interconnectedness of their operations with societal and environmental well-being, the

emphasis on CSR has shifted towards integrating ethical values into every aspect of corporate governance. This integration aligns business objectives with the broader goals of community development, environmental conservation, and social equity, thereby creating a win-win scenario for companies and their stakeholders (Bonsu, 2018).

A critical aspect of CSR lies in its ability to enhance stakeholder relationships. By addressing the needs and expectations of employees, customers, communities, and investors, CSR initiatives foster trust, loyalty, and cooperation (Hakobyan, Khachatryan, Vardanyan, & Chortok, 2019). This trust is particularly crucial in a competitive business environment where public perception can significantly impact a company's market position. The research underscores that businesses with robust CSR practices often enjoy higher levels of employee engagement, customer retention, and investor confidence, contributing to sustained profitability and growth (Ponomarenko, Volnik, & Marinina, 2016).

The legal framework surrounding CSR, such as Law Number 25 of 2007 and Law Number 40 of 2007 in Indonesia, provides a structured approach for businesses to contribute to societal development. However, compliance alone is not sufficient to achieve meaningful impact. Companies must transcend legal requirements by adopting innovative and context-specific CSR strategies that address pressing societal challenges. This approach ensures that CSR initiatives are not merely transactional but transformational, driving positive change in the communities they serve (Rumambi & Marentek, 2015).

Environmental sustainability is another key dimension of CSR, particularly in the context of global concerns about climate change and resource depletion. Companies that prioritize sustainable practices, such as reducing carbon footprints, managing waste responsibly, and supporting renewable energy initiatives, not only mitigate environmental risks but also position themselves as responsible corporate citizens. This positioning enhances their reputation and provides a competitive edge in an increasingly eco-conscious market (Graafland & Zhang, 2014).

Finally, the role of continuous evaluation and adaptation in CSR cannot be overstated. To remain effective and relevant, CSR programs must be regularly assessed for their impact and alignment with evolving societal needs. Feedback mechanisms, stakeholder consultations, and performance metrics are essential tools for ensuring that CSR initiatives deliver tangible benefits. By fostering a culture of accountability and improvement, companies can maximize the effectiveness of their CSR efforts and build a legacy of positive social and environmental contributions (Glonti et al., 2020).

The concept of Corporate Social Responsibility (CSR) continues to evolve as an integral part of modern business strategies. Despite its widespread adoption, significant gaps remain in understanding the extent to which CSR practices contribute to both corporate performance and societal benefits. The research gap lies in the disparity between the legal mandates for CSR in laws such as Law Number 25 of 2007 and Law Number 40 of 2007, and the actual implementation of CSR practices by companies. While these laws provide a framework, many companies struggle to balance their legal obligations with ethical considerations, leading to inconsistent outcomes in achieving CSR goals. This gap underscores the need for research that bridges the divide between regulatory compliance and meaningful societal impact (Harahap, 2021).

The novelty of this research lies in its focus on the dual dimensions of CSR—legal mandates and business ethics—and their combined impact on corporate sustainability and societal welfare. Unlike previous studies that often focus solely on either the legal or ethical aspects of CSR, this study seeks to explore how integrating both dimensions can enhance a company's reputation, compliance, and long-term success. Additionally, it examines CSR practices within the context of Indonesian laws, providing a localized perspective that contributes to the global discourse on CSR.

This research also explores the intersection of business ethics and legal compliance in CSR. While laws mandate certain CSR practices, ethical considerations often drive companies to exceed these minimum requirements, resulting in initiatives that not only fulfill obligations but also resonate with societal values. By examining this intersection, the study provides a comprehensive framework for understanding how businesses can leverage CSR as a tool for both compliance and strategic advantage.

Furthermore, the study underscores the significance of community engagement in CSR practices. Effective CSR initiatives are those that address the unique needs and expectations of the communities they serve. By analyzing case studies and corporate practices, this research emphasizes the importance of stakeholder collaboration in designing and implementing impactful CSR programs that foster trust and mutual benefit.

Lastly, the research highlights the role of transparency and accountability in CSR. Companies that openly communicate their CSR initiatives and outcomes build stronger relationships with stakeholders and enhance their credibility. The study advocates for greater corporate transparency in reporting CSR efforts, suggesting that this practice not only fulfills legal obligations but also establishes a foundation for long-term societal impact and corporate resilience.

The objective of this research is to analyze the implementation of CSR by companies, focusing on the legal and social obligations outlined in Law Number 25 of 2007 on Investment and Law Number 40 of 2007 on Limited Liability Companies. This study aims to identify the impact of CSR implementation on the company's existence in society and examine how CSR based on business ethics and legal norms can strengthen a company's position in the public eye.

This research provides benefits to companies, the government, and society. For companies, the study offers a deeper understanding of the importance of implementing CSR as a legal and social obligation that can enhance the company's reputation and long-term sustainability. For the government, this research provides insights into the effectiveness of CSR regulations that have been applied, and how they can strengthen the contributions of companies to social and economic development. For society, the study provides an understanding of how companies can play a role in creating a better environment through CSR practices that align with legal norms and business ethics.

METHOD

The research employs a qualitative approach, utilizing normative legal research methods to analyze the implementation of Corporate Social Responsibility (CSR) in accordance with Indonesia's legal frameworks, specifically Law Number 25 of 2007 on Investment and Law Number 40 of 2007 on Limited Liability Companies. Data is collected from primary sources such as legal texts and corporate policies, along with secondary sources like literature reviews, company reports, and case studies. The study explores the evolution of CSR from a moral obligation to a legal requirement and examines the impact of CSR compliance on corporate reputation and long-term sustainability, analyzing how both legal and social obligations influence a company's existence in society.

RESULTS AND DISCUSSION

Business Ethics

To get a better idea of the meaning of CSR, it is better to first study the issue of business ethics, because basically CSR is derived from business ethics. Historically, ethics as a philosophical effort was born from the collapse of the moral order in the Greek cultural environment 2500 years ago. As the old views of good and bad are no longer believed, philosophers are re-questioning the basic norms for human behavior. That situation also applies

today. Ethics is not an additional source of moral teachings, but rather a philosophy or critical and fundamental thinking about moral teachings and views (Magnis-Suseno, 1987).

In a general context, a business relationship is actually a relationship between people. Business is an interaction that occurs due to needs that cannot be obtained by individuals themselves. This shows that although human beings are endowed with many advantages (intellect, feelings and instincts), in reality they have many shortcomings. The deficiency is felt even more when intellect, feelings, and instincts demand an increase in needs. As a result, human needs are increasingly developing and complex so that they are unlimited. It is through this business interaction that humans complement each other to meet each other's needs.

Ethics must be distinguished between ethics in business and ethics of business. The two terms have different meanings. Ethics in business is related to ethics that intersect with business while business ethics is related to ethics in general. In the world of banking, for example, ethics in business must be assessed in accordance with the perspective of profit maximisation as the underlying philosophy of banking without considering whether the ethics are in accordance with general ethics (Chatterjee, 1996).

The basic values that are the benchmark for business ethics are the behavior of entrepreneurs in running their businesses. Whether in its efforts to take advantage of the consumer community is carried out through fair (honest), transparent (open), and ethical (ethical) business competition. Acts that fall under the category of unethical conduct include providing incorrect information about raw materials, characteristics/characteristics and quality of a product, concealing the company's true assets to avoid or reduce taxes, paying employee wages below the UMR, engaging in tender conspiracies, and engaging in unfair competition.

In reality, it is highly unlikely that there is an ethical code in business. On the one hand, we have become accustomed to mistakenly thinking that business activities are a game of deception, but on the other hand, business actors themselves often realize that what they are doing is not good. Therefore, we all unconsciously admit that there needs to be a business ethic.

Basically, business needs to be run ethically, because after all, business concerns the interests of anyone in society. Whether he plays the role of a seller, a producer, a buyer, an intermediary, and whatever his role, almost everything is involved in this business. It means that all of us, based on our own interests, want the business to run well. Therefore, we all want the business to be run ethically so that no one party feels disadvantaged by the other. For this reason, this paper will discuss how business ethics and corporate social responsibility in the modern business world or not.

In general, the principles that apply in good business activities cannot be separated from our lives as human beings in general. Similarly, these principles are very closely related to the value system embraced by each society. However, as a special ethics or applied ethics, the principles in business ethics are actually the application of ethical principles in general. And therefore, without forgetting the peculiarities of the value system of every business community, here will be put forward some principles of business ethics, namely: (Keraf, Kodrat, & Pribadi, 2007)

a. Principle of Autonomy

Autonomy is the attitude and ability of a human being to act based on his own consciousness of what he considers good to do. An autonomous person is a person who is fully aware of what his obligations are in the business world. An autonomous person is a person who knows the rules and demands of society, but is not a person who just follows what is happening in society or just follows what others do.

To act autonomously, it is assumed that there is freedom to make decisions and act on them. In the ethical framework, freedom is a condition that must exist for humans to act ethically. Just because he has freedom is he required to act ethically. But freedom alone does not guarantee that people can act autonomously and ethically. Autonomy also

presupposes the existence of responsibility. So an autonomous person is a person who is not only aware of his obligations and is free, making decisions and actions based on his obligations, but also a person who is willing to take responsibility for his decisions and actions and is able to take responsibility for his decisions and actions, as well as the impact of those decisions and actions.

b. Principle of Honesty

In the business world, honesty finds its form in three aspects, namely: First, honesty is manifested in the fulfillment of the terms of agreements and contracts. Second, honesty finds its form in the offering of goods and services with good quality. Third, honesty also concerns employment relationships in the company. In these three aspects, honesty is closely related to trust, because trust built on the principle of honesty is the basic capital of the business that will flow abundant profits. Profit is a symbol of trust and a sign of gratitude from the community and business partners for the honesty of business activities.

c. The Principle of Non-Maleficence and the Principle of Beneficence

The embodiment of these two principles takes two forms. First, the principle of doing good requires that we all actively and optimally do good things for others. Second, in its minimal and passive form, this attitude demands that we do not do evil to others. The point of both principles above is that business people are maximally required to carry out activities that are beneficial to others (or rather, mutually beneficial), but if the situation is not possible, then the tolerable threshold is an action that does not harm the other party.

d. Principles of Justice

This principle requires that we treat others according to their rights. The rights of others need to be respected and not violated, just as we expect our rights to be respected and not violated. This principle regulates that we act in such a way that the rights of all people are exercised more or less equally according to what is their right without harming each other.

e. The Principle of Self-Respect

This principle is not selfish, but it wants to show that it is unethical if we allow ourselves to be treated unfairly, dishonestly, oppressed, blackmailed and so on. So, just as we should not treat others unfairly, dishonestly, and so on, we also have the right to treat ourselves and be treated well. We are obliged to defend and defend our honor, if our dignity as human beings is violated.

Corporate Responsibility to Shareholders as the Beginning of CSR

The structure of corporate governance in a corporation is influenced by various factors, especially the corporate theory adhered to, culture, and the prevailing legal system. Several theories about corporations have been developed so far, the most prominent of which are agency theory and stewardship theory. These theories are derivatives of some of the theories above them, which have evolved in line with the development of corporations over time. These theories can help to understand the various models and characteristics of interaction between the functions of supervision, management, and ownership in a corporation (Alijoyo & Zaini, 2004).

The theory that is the parent theory of the corporate theory that develops over time is equity theory. This theory is a corporate theory that is the basis of various existing corporate theories. This theory essentially explains the model of the relationship between the company and the owner. This theory was born at the time of the onset of the industrial revolution in Britain. Since the onset of the industrial revolution in the early 19th century, the development of the industrial world has accelerated very rapidly both in terms of technology and management systems. In the beginning, businesses only involved certain individuals as managers as well as business owners. At this stage that is still very simple, there has not been much conflict of interest. The existing relationship is only limited to the relationship between

employees and owners, namely owners who also act as managers. The owner controls and owns the company and is responsible for the entire company's activities.

The concepts of property rights (equalities) continue to grow and change along with the growth rate of the goods and services industry and the development of increasingly complex socio-cultural aspects to give birth to derivatives of current theories of ownership. One of the derivatives of the theory is entity theory and agency theory:

This entity theory assumes a separation between the personal interests of equity owners (owners) and their business entities (companies). This approach is then the most widely referred to by business practices in general.

In this theory, a business entity becomes a form of personification that has its own character and is not at all identical to the owner. Even a company is considered to have its own existence that is separated from direct interaction with its owner. Equity owners, creditors and shareholders have different rights with regard to income, risk, control, and liquidation. The income earned is the rights of the entity which is then distributed to shareholders as dividends. Undistributed profits are considered the rights of business entities.

Agency theory is a theory that explains the contractual relationship between the party delegating certain decision-making (principal/owner/shareholder) and the party receiving the delegation (agent/director/management). Agency theory focuses on determining the most efficient contracts that affect the relationship between principal and agent.

Agency theory provides the latest view of good corporate governance (GCG), namely that the founders of the company can make a balanced agreement between the principal (shareholders) and the agent (directors). Agency theory emphasizes the importance of company owners (shareholders) handing over the management of the company to professionals (called agents) who understand more about running a day-to-day business. This theory emerged after the phenomenon of separation of company ownership and management, especially in modern large companies.

The purpose of separating management from company ownership is so that the owner of the company can obtain the maximum profit at the most efficient cost possible by managing the company by professionals.

Professionals or agents carry out their duties for the benefit of the company and they have the flexibility to carry out the management of the company. The bigger the profit the company earns, the greater the profit the agent gets. Meanwhile, the owner of the company (shareholders) is only tasked with supervising and monitoring the running of the company managed by the management to ensure that they work only for the benefit of the company. Professionals, in this case directors and managers in the classic theory above have fiduciary duty and duty of care and are accountable to the company and its shareholders. In the view of classic corporate theory in the United States, CSR is interpreted as the responsibility of managers and directors to shareholders. This traditional view does not include management's obligation to pay attention to the interests of other constituents of the company. This limits the implementation of CSR in a company where the company seems to only care about its own interests.

Recently, there has been an expansion of the scope of corporate responsibility from only corporate responsibility to shareholders but also to stakeholders. This change is in line with the renewal of corporate governance. Corporate governance reform began with a book entitled *The Modern Corporation and Private Property*. This book was created by Adolf Berle and Gardiner Means and was first published in 1932. The content of this book broadly contains about the separation of ownership and control of the company. Thus, shareholders who own the company and also have enormous wealth in the company no longer control and manage their existing wealth in the company. The wealth has become a company asset and is controlled by someone who is trusted to manage it for their benefit. This is known as "separation ownership from

control." The renewal of corporate governance contains the principle of openness to the public and the obligation for companies to run their companies without harming the public. So indirectly, the concept of CSR has also been contained in the renewal of corporate governance.

The concept of CSR itself has also undergone changes. The old concept of CSR states that the company only has responsibility to the company's shareholders. Meanwhile, the new CSR concept states that companies must also have responsibilities to workers, suppliers, communities, and the environment in which the company carries out its activities.

Meaning and Scope of CSR Today

Although the concept has been accepted and believed to have a clear meaning, according to Charles Chatterjee in the statement not at all. The first difficulty that arises from the CRS is the concept of CSR itself. The term corporate is not always related to the term social; Corporate responsibility, social responsibility, and corporate responsibility have different connotations. Then comes the more important question, which is whether all forms of corporations are required to demonstrate their social responsibility. Another important question is where the corporation runs its corporation and its social responsibility.

The term social responsibility comes from the Anglo Saxon world (Common Law). This term is not identified with the theory of civil responsibility in the Roman-Germanic Law tradition. Because corporations are the dominant institutions on this earth where corporations must be dealing with environmental and social problems that affect human life.

The World Bank Group defines CSR as a business's commitment to contribute to sustainable economic development, through collaboration with employees and their representatives, their families, local communities, and the general public to improve the quality of life in ways that are beneficial to the business itself and to development. So, it can be said that CSR is a must and not only an obligation. CSR itself is not a marketing gimmick, but a part that is integrated with the company's mission and values.

According to Suharto Prawirokusumo, social responsibility is a broad concept that relates to the obligations of companies or organizations in maximizing their positive impact on society. The social responsibility of business actors in a company consists of four dimensions of responsibility, namely; economics, law, ethics and philanthropies. From an economic perspective, all companies must be accountable to their shareholders, employees, and the surrounding community in terms of employee income and job availability. The two responsibilities mentioned above are the main responsibilities of the company that strengthen the occurrence of ethical responsibilities and philanthropies activities.

The CSR doctrine created as an ethics or morality in corporate behavior has been accepted into the rules of law, laws, regulations in the Code-Code and the European System. However, the term CSR has a different meaning from ethics, morals, philanthropy, and law.

CSR represents a compromise between ethics and certain behaviors. CSR emerged to improve the company's image in the society where the company carries out its business activities. The idea is to make corporate social welfare an element of marketing. Social planning must always be included in the company's strategic plan. These social activities are not a cost, but an investment.

From the perspective of business law, there are at least two responsibilities that must be taught in business ethics, namely legal responsibility which includes civil liability and criminal liability, and social responsibility) which is built on the foundation of moral norms that apply in society. This means that even if a business activity legally (civil and criminal) does not violate laws or regulations, but the business is carried out in violation of public morals or harms the community, then the business is considered an unethical act (unethical conduct).

The application of CSR by a company means that the company is not only a business entity that only seeks to make a profit, but the company is an integral part of the economic, social, and environmental conditions in which the company operates. The company's directors

and employees should be more aware of the importance of CSR because CSR can provide human rights protection for workers and environmental protection for the surrounding community and its workers. The presence of CSR in the company's business has become clearer with the development of globalization. This can be seen from the existence:

1. Risk management
2. Protect and improve the company's reputation and image
3. Building trust and license to operate for the company
4. Improve the efficiency of existing resources and increase access to capital
5. Responding to or complying with applicable regulations
6. Fostering good relationships with stakeholders such as workers, consumers, business partners, socially responsible investors, regulators, and the communities in which the company operates.
7. Encouraging innovative thinking
8. Build opportunities to follow future markets.

CSR policies can provide value in the strategic plan of the company's daily activities. Based on this strategy, which integrates socially responsible business practices, the analysis of corporate profits, return on investment (ROI) or return on equity (ROE) as the bottom-line is replaced by a triple bottom-line that includes economic, social, and environmental factors. A company that ignores social and economic issues in its business activities can still make profits at this time, but in the future the company will have a negative impact on society and the environment so that it is difficult for the company to maintain its existence. This will eliminate the profits that the company can obtain in the future. Sony Keraf divides the content of corporate social responsibility into two categories, namely:

1. Regarding primary relationships, for example, fulfilling contracts that have been made with other companies, fulfilling promises, paying debts, providing satisfactory services to consumers and customers, being responsible for offering goods and services to the community with good quality, paying attention to employee rights, the welfare of employees and their families, improving employee skills and education, and so on.
2. Regarding secondary relationships: Responsible for business operations and impacts on society in general, on social issues, such as: employment, education, social infrastructure, and taxes.

Based on the content of social responsibility, the responsibility of business actors in business is the involvement of their companies in pursuing the good and social welfare of the community, without paying too much attention to the profit and loss from an economic perspective. Thus, social responsibility can be formulated in two forms, namely:

1. Positive: Carrying out activities that are not based on the calculation of profit and loss, but based on considerations for the sake of social welfare.
2. Negative: Not carrying out activities that are economically beneficial, but socially detrimental to social interests and welfare.

So that within the framework of the principles of business ethics, it can be said that maximally (positively) business actors are required to actively pursue the interests and welfare of the community (the principle of doing good), at least at least (negatively) not to take actions that harm the community (the principle of not doing evil).

As long as business actors or a business in the economic sense are able to carry out social responsibility in a positive form, the business actor is obliged to carry out positive social responsibility. As far as their financial capabilities are adequate, business actors are obliged to strive for the welfare of their employees and their families, besides that they are also obliged to maintain a good social and living environment in that society. However, if the situation is not possible, then at least the business actor does not carry out activities that are not harmful from a social perspective.

Business Ethics and Social Responsibility in Corporate Activities

Ethics are needed in business when humans begin to realize that progress in the business field has actually caused humans to be increasingly excluded from their human values (humanistic). So, among business people, there is a myth that business is a business. Business is only about serving as much profit as possible (profit oriented). In this regard, Richard T De George (1986) called it an immoral business myth. There has been an image that business should not be mixed with morals.

Because of the public and legal demands, businesses today must enforce "being ethical and social responsibility". By acting ethically and having social responsibility, the business will last and there will be long-term relationships with customers, suppliers, and other parties. Customers will buy a product from a company that has the best reputation for social responsibility if the quality, service, and price are the same among competitors.

Business ethics have a wider influence than formal regulations. Violating or forgetting ethical issues will destroy trust. The activity to find business ethics involves four types of activities, namely:

1. Applying general ethical principles in particular or specific practices in business concerning so-called meta-ethics.
2. Highlight the morality of the economic system in general and the economic system of a country in particular.
3. Expanding beyond the field of ethics
4. Studying economic and organizational theories.

As we know that the world of ethics is a world of philosophy, values and morals. Meanwhile, the business world is a world of decisions and actions. Ethics is concerned with good or bad issues, while business is a concrete world and must realize what has been decided. The moral essence is not to harm others. This means that morals are always positive or seek goodness. Thus, attitudes and actions in the context of business ethics carried out by all people involved, will produce something good or positive, for those who run it and for others. Such attitudes and actions will not result in a "win-lose" situation, but will result in a "win-win" situation.

If morality is a value that motivates a person to do or not to do something, then ethics are signs or benchmarks determined by the perpetrator or group. Because morality comes from the culture of the community, the morality of the national business world cannot be different from the morality of the nation. The moral of development must also be the business moral of Indonesian entrepreneurs.

In addition, business ethics also limits profits, as long as they do not harm the community. Fairness is a relative measure, but it must always be sought.

Business ethics can regulate how profits are used. Although profit is a right, its use must also take into account the needs and circumstances of the surrounding community. So the business ethics that are coveted for business actors will not be practiced by themselves by the business world without clear "rules of the game" for the business world itself.

If you don't practice business ethics, the stakes are reputation and trust, while in doing business these two things are the main factors. This is in line with corporate social responsibility that can maintain the company's performance in the long term. Because business ethics is a business pattern that not only cares about its profitability, but also pays attention to the interests of its stakeholders. Business ethics cannot be separated from personal ethics, their existence is an inseparable unit and their existence complements each other.

Understanding ethical theory is basically useful for formulating and taking the values of truth, which individuals or society are the basis for action. However, on the other hand, an understanding of ethics can also function to search for truth values that have been considered established. Whatever function it takes, you will surely find the fact that the values of truth are

diverse. Therefore, humans are expected to be wise in applying a variety of truths professionally.

So that in the business world, autonomy, aspects of freedom and responsibility are the starting point and foundation of operations for businesses. This is of course carried out in practice using ethics in doing business as it should, because all of it is related to humans both individually and in groups, in this case there is interaction between humans in business.

On that basis, ethics and social responsibility have become part of the company's strategic planning process. In fact, some leading companies today already have a Code of Conduct and also have a corporate code of ethics that is complied with by all employees.

Legal Implications of CSR Regulation in UUPM and UUPT

In Indonesia, there are two legal instruments that require limited liability companies to carry out social responsibility, namely the UUPM and UUPT. Article 15 letter b of the UUPM states that every investor is obliged to carry out corporate social responsibility. Then continued by Article 16 letter d states that every investor is responsible for environmental sustainability. Furthermore, Article 16 letter e of the UUPM states that every investor is responsible for creating the safety, health, comfort, and welfare of workers.

Furthermore, Article 17 of the UUPM stipulates that investors who cultivate non-renewable natural resources are obliged to allocate funds in stages for the restoration of locations that meet environmental feasibility standards whose implementation is regulated in accordance with the provisions of laws and regulations. Provisions related to CSR in the UUPT can be found in Article 74. This article states:

- (1). Companies that carry out their business activities in and/or related to natural resources are obliged to carry out social and environmental responsibilities;
- (2). Social and environmental responsibility as referred to in paragraph (1) is the company's obligation which is budgeted and calculated as the company's cost whose implementation is carried out with due regard to propriety and fairness.
- (3). The Company that fails to carry out its obligations as intended in paragraph (1) is subject to sanctions in accordance with the provisions of laws and regulations.
- (4). Further provisions regarding social and environmental responsibility are regulated by government regulations.

Regarding this provision, Sutan Remy Sjahdeini gave the following notes:

1. CSR by the UUPT has been determined as a legal obligation, not as a moral obligation whose implementation is voluntary;
2. CSR is only applied limited to companies that carry out their business in the field of natural resources or related to natural resources;
3. If the company does not carry out CSR, sanctions are imposed;
4. Funding for SCR activities can be budgeted and the expenditure can be taken into account as the company's expenses;

The linkage of the two laws is considered to make the business world scream because it is squeezed by competitiveness, high economic costs and all other problems such as tax reform, labor laws, bureaucratic reform, and strengthening legal institutions that have not received careful attention. This concern in Pradjoto's eyes is somewhat surprising. It is as if the Indonesian business world is turning a blind eye to a series of social, cultural, natural, and economic damages produced by corporate production. It is also somewhat surprising when some experts and observers say that there is no country like Indonesia that regulates CSR into laws and regulations. The UK is one example of a country that has adopted the concept of CSR in their domestic laws. The UK has included CSR obligations in the UUPT and there is an obligation to report the implementation of CSR activities for companies listed on the stock exchange.

The UK has the 2003 Corporate Responsibility Bill which is a response to the failure to implement the White Paper on Modernising Company Law which regulates corporate transparency or accountability to stakeholders. Article 2 of the Bill regulates the implementation of extraterritorial CSR in all fields, the obligation of companies to consult with stakeholders, and imposes an obligation for companies to prepare and publish company reports. Articles 7 and 8 emphasize the obligations of the board of directors to society and the environment. Article 6 imposes liability on the parent company against its subsidiaries, mergers, divisions, acquisitions and other restructurings that cause harm to a person or the environment in the UK territory. The same is done by the UK legislation where pension fund investments must be shown whether the type of investment has included social, environmental, or ethical considerations in the selection, storage and application of such investments.

Others in England are also in France. France has an amended Nouvelles Regulations Economiques (NRE). This rule imposes a public disclosure obligation for all nationally registered companies on environmental issues, domestic and international labor relations, local communities, and others. There is also social pressure from people in developed countries to legally require companies to make public disclosures. This trend is in line with litigation related to CSR and paves the way for more effective CSR regulations in the future.

CONCLUSION

The initial concept of CSR is related to corporate responsibility with all directors and managers to shareholders. Later, corporate social responsibility from just a responsibility to shareholders towards stakeholders; and with the existence of CSR obligations in the UUPM and UUPT, CSR which was originally a social obligation based on morality towards a legal obligation that must be carried out by the company. With the existence of legal and social obligations of a company, it will indirectly affect the existence of the company in society. The public will give a good assessment of the existence of companies that have carried out these legal and social obligations and vice versa.

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