CSR Contextualization for Achieving the SDGs in Indonesia

I Kadek Agus Setiawan*, Puji Ayu Larasati2, Irwan Sugiarto3
1Faculty of Law, Universitas Muhammadiyah Luwuk-Banggai, Indonesia
2Faculty of Social and Political Sciences, Universitas Diponegoro, Indonesia
3Sekolah Tinggi Hukum Bandung, Indonesia
*Corresponding email: aghussethiawan998@gmail.com

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Abstract

Companies in Indonesia carry out corporate social responsibility (CSR) on the basis of taking care of contractual obligations, in this case complying with regulations made by the central and local governments. Normatively, ideally without contractual obligations, the company should not care about profits, but also care about the welfare of the community and environmental sustainability. This research wants to examine and reveal the relationship between CSR in realizing Sustainable Development Goals (SDGs) in Indonesia. The research method used is the juridical-normative research method. Supporting this juridical-normative research using a statutory approach, a historical approach, and a conceptual approach. The data needed in this research is secondary data obtained by using library research techniques. This research shows that Indonesia is a country that requires parties to implement CSR through regulations.

There is a close relationship between CSR and sustainable development because CSR puts forward 3 principles, namely economy, society, the environment which are then in accordance with the goals of sustainable development. CSR is a sustainable commitment by the business world that acts as action and contributes to the community’s economy and environmental sustainability. Therefore, SDGs can be contextualized as a viewpoint for every company in its business activities through various CSR activities such as greening programs, providing clean water facilities, improving settlements, increasing welfare, improving the quality of education, and other things related to sustainable development.

A. INTRODUCTION

Developing a nation can only be achieved by developing in all fields. The processing of natural resources and the utilization of human resources by utilizing technology (Asmalia, Awaliyah Kasri, & Ahsan, 2018; Bangun, 2020). In this development pattern, it is necessary to pay attention to the functions of natural resources and human resources so that they can continuously support activities or a sustainable development process (Wadu, Ladamay, & Bandut, 2020). The definition of sustainable development itself is a positive socio-economic change...
that does not ignore the ecological and social systems on which the community depends (Mentari & Sutikno, 2019).

One of the factors in achieving sustainable development is how to repair environmental destruction without sacrificing the needs of economic development and social justice. Sustainable development means that social justice has been achieved from generation to generation (Yorisca, 2020). From another definition, sustainable development is a national development that preserves the functions and capabilities of the ecosystem. In the implementation process, sustainable development must pay attention to the use of the environment and the preservation of the environment so that environmental quality is maintained. Environmental sustainability that is not maintained, will cause the carrying capacity of the environment to decrease, or even disappear (Christmas & Aminah, 2019).

The success of sustainable development really needs support from power holders, in this case, the government, in order to implement sustainable development so as to achieve equitable welfare (Sudarwanto & Kharisma, 2020). Successful implementation requires an integrated policy, planning, and social learning process. Apart from government support, the success of sustainable development also demands the participation of all parties, including business actors (companies) (Syahputra & Suteki, 2018). It is felt that sustainable development can be carried out by increasing and optimizing the participation of all parties, including government, companies, and the community.

Previous research has been conducted by Agustinus Soetrisno who reviewed “CSR efficiency approach with the establishment of a state institution managing funding and CSR programs” (Soetrisno, 2021); Sandra Dewi who studied “the implementation of the company’s CSR program in empowering the economy of rural communities during the Covid-19 pandemic” (Dewi, 2021); Hari Sutra Disemadi and Paramita Prananingtyas who reviewed “CSR policy as a legal strategy in community empowerment in Indonesia” (Disemadi & Prananingtyas, 2020); and Saut Parsaulian Hutagalung and Franky Butar Butar who studied “the legal consequences of plantation companies not implementing CSR” (Hutagalung, 2021). Based on the above explanation, this research is important because it will examine the role of companies in realizing sustainable development. The role of the company can be carried out through corporate social responsibility (CSR). CSR implementation is a form of an effort to care for the business world towards the surrounding environment (Hakim & Amrina, 2019). Awareness of the importance of implementing CSR has become a global trend as a manifestation of the application of the principles of good corporate governance as an effort to support the achievement of sustainable development goals. The contribution of this research is to reveal the substance of the existence of CSR not only to strengthen the sustainability of the company itself, CSR can also be used for achieving the
goals of sustainable development. Therefore, future CSR development should refer to the concept of sustainable development.

B. RESEARCH METHOD
The research method used in examining the problems in this article is the juridical-normative research method. This research describes and analyze CSR policies in Indonesia to realize SDGs. Statute approach, historical approach and conceptual approach used in this research to support juridical-normative research. The historical approach is carried out by examining the background for the presence of the CSR and SDGs concepts. The conceptual approach is carried out by studying and compiling the CSR concept to realize SDGs in Indonesia. The data used in this research is secondary data. The secondary data consists of primary legal materials, secondary legal materials, and tertiary legal materials in the form of laws, journals, books, and other related sources (Suteki & Taufani, 2018). Legal materials are obtained through library research. The method of research analysis uses qualitative juridical, namely legal materials are not analyze by statistical formulas but with an approach to legal interpretation and legal construction by means of deductive thinking.

C. RESULTS AND DISCUSSION
Corporate Social Responsibility (CSR) and its Regulations in Indonesia
Corporate Social Responsibility (CSR) is an ongoing commitment by the business community to act ethically and contribute to the economic development of the local community or the wider community, along with improving the standard of living of workers and their families (Fahrial, Utama, & Dewi, 2019; Siregar, 2015). CSR is a form of company concern for the surrounding community, covering several aspects such as economic, legal, ethical aspects as well as contributions to social issues (Hakim, Hermanto, & Fikri, 2019). From the concept of CSR, it shows that every company in the form of CSR activities must look at several aspects because from several aspects that contribute to the care and development of several aspects (Kartasasmita, 2020; Syahputra & Suteki, 2018; Wan Jusoh & Ibrahim, 2020). Also, Howard R. Bowen explained that CSR is the obligation of entrepreneurs to formulate policies, make decisions, or follow a line of action, which is desired in terms of community goals and values (Disemadi & Prananingtyas, 2020). Thus, CSR is an ongoing commitment from the business world to act ethically and contribute to economic development in the local community or society at large.

The term CSR has been known since the 1970s with three important components, namely economic growth, environmental protection, and social equity (Sukananda, 2018). There are three focuses on the concept of CSR which is
abbreviated as 3P (profit, planet, and people) (Rudito & Famiola, 2019). Profit is an orientation that companies must pursue to gain economic benefits so that their businesses can continue to operate and develop. Then, people mean that companies must have a concern for human welfare. Meanwhile, the planet is intended as a form of concern for the company to the environment (Kurniawan & Disemadi, 2020). Therefore, a good company does not only seek economic gain (profit) but must care for environmental sustainability (planet) and the welfare of society (people).

Some benefits can be obtained from implementing CSR, both for the company itself, for the community, government and other stakeholders (Dakhoir, 2019; Disemadi, 2020a; Shandy Utama, 2018). The benefits for companies that implement CSR are that the company’s existence can grow and be sustainable and the company gets a positive image from the wider community, companies have easier access to capital, companies can maintain quality human resources, and companies can improve decision making on critical matters (critical decision making) and facilitate risk management (Religia, 2019). For the community, good CSR practices will increase the added value of a company in an area because it will absorb labor, improve the social and economic quality of the area (Tresna Puja Asmara & Murwadji, 2019). For the environment, CSR practices will prevent overexploitation of natural resources, maintain environmental quality by reducing pollution levels and in fact companies are involved in influencing the environment (Edgar Tanaya, 2016; Syahputra & Suteki, 2018).

Apart from the benefits of implementing CSR, there are company motives in implementing CSR, including maintaining and boosting the company’s reputation and brand image (Disemadi, 2020b; Kim, Yin, & Lee, 2020; Latif, Pérez, & Sahibzada, 2020). Destructive behavior will reduce the company’s reputation. Likewise, a positive contribution will boost the company’s reputation. This is the main non-financial capital for the company and its stakeholders, which is an added value for the company to grow sustainably. Another motive is to obtain a social license to operate (Kamaliah, 2020). The community around the company is the main community of the company. When they get the benefits of the company’s existence, then they naturally feel they own the company. As a reward that is given to the company at least is the freedom of the company to run its business in the area (Marthin, Salinding, & Akim, 2018). Therefore, the CSR program is expected to be part of social insurance, which will produce harmony and positive perceptions from the community towards the company’s existence. Then the implementation of CSR aims to improve relations with stakeholders (Sunandar, 2017). The implementation of the CSR program will certainly increase the frequency of communication with stakeholders. This will create public trust in the company.
In general, companies in Indonesia carry out CSR based on managing contractual obligations, in this case complying with regulations made by central and local governments (Hakim & Amrina, 2019; Kurniawan & Disemadi, 2020). Normatively, ideally, without any protests and contractual obligations, companies try to empower local communities and improve welfare. In the relationship between the government and companies, the government hopes that CSR programs can help solve social problems, such as unemployment, poverty, education, health, and environmental problems as the government. This shows that companies are required to help the government to support government programs (Rudito & Famiola, 2019). The government is the main responsibility for the welfare of the community and preserving the environment that requires participation, one of the most potential is from companies, so that accelerated development and increase in community welfare can be achieved.

Therefore, Indonesia has become a country that requires corporations to implement CSR, especially for companies engaged in natural resource management (Azheri, 2019; Dakhoir, 2019). In other countries, especially in developed countries, CSR is more of a voluntary nature. Although it is not an obligation, companies are more morally and socially bound to implement CSR. People in developed countries are also very critical and pay attention to issues around deforestation, environmental pollution, poverty, health, education, global warming, and so on. They are actively involved in carrying out social surveillance and ‘forcing’ corporations to carry out their operations more responsibly (Yusuf, 2017). Not just chasing after profits, but also having a concern for the preservation of the environment (planet) and the welfare of society (people).

Whether or not the regulations for implementing CSR are still being debated among CSR practitioners. Some agree but many who disagree. In Indonesia, some regulations explicitly oblige companies to implement CSR: First, Law No. 40 of 2007 concerning Limited Liability Companies. Article 74 of this Law states that companies that carry out their business activities in the fields and/or related to natural resources are required to carry out CSR. CSR is a corporate obligation that is budgeted and calculated as company costs, the implementation of which is carried out with due regard to appropriateness and fairness. Companies that do not carry out CSR obligations are subject to sanctions under statutory regulations; Second, Government Regulation No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. This Government Regulation is a derivative regulation of Law No. 40 of 2007 concerning Limited Liability Companies; Third, Law No. 25 concerning Investment. Article 15 of the law states that every investor is obliged to carry out corporate social responsibility and respect the cultural traditions of the community around the location of investment business activities; Fourth, Law no. 4 of 2009 concerning Mineral and Coal Mining. Article 108 of this law states that holders of Mining Business Permits and Special
Mining Business Permits are obliged to prepare community development and empowerment programs, the preparation of these programs is consulted with the government, regional governments and the community; and Fifth, Regulation of the Minister for State-Owned Enterprises No. Per-05/MBU/2007 regarding the Partnership and Community Development Program for State-Owned Enterprises. Broadly speaking, this regulation regulates the criteria and mechanism for the allocation of Partnership and Community Development funds sourced from the company’s profit allowance for the benefit of the community. Apart from the various regulations made by the central government, many local governments at level one and level two have taken the initiative to make local regulations for implementing CSR. However, in contrast to developed countries, even though we have regulations that oblige companies to implement CSR, in practice there are still companies that do not want to implement CSR.

Sustainable Development Goals (SDGs): a Global Action for People’s Welfare

The presence of a world development program that aims to preserve nature and improve people’s welfare is related to Sustainable Development Goals (SDGs) (Asmalia et al., 2018; Pratama & Sudiarta, 2019). SDGs are the result of an agreement from the general session of the United Nations (UN) on September 25, 2015, in the United States (Tan, 2020). Historically, the United Nations is an international organization or intergovernmental organization which is a substitute body for the League of Nations. League of Nations was founded after the Paris Peace Conference on January 10, 1920, and aims to prevent war, disarm, resolve disputes between countries through diplomacy and negotiations, and improve the welfare of life globally. In contrast to the League of Nations, the United Nations established on October 24, 1945, and its main objective is to encourage global cooperation or international cooperation (Wikipedia, 2020).

SDGs are a global action that has been agreed upon by 193 heads of state in the world, one of which is Indonesia (Asmalia et al., 2018). This global action is a new historical point in universal or global development that was presented at the 70th United Nations General Assembly in September 2015 which was held in New York, United States (Pratama & Sudiarta, 2019). This global development agenda is contained in the SDGs document entitled “Transforming Our World: The 2030 Agenda for Sustainable Development”. The SDGs are a continuation of the MDGs or “Millennium Development Goals” agreed by the United Nations in 2000, which ended at the end of 2015. Reflecting on the substance and process of their preparation, the SDGs and MDGs have fundamental differences. The MDGs were agreed to have 8 Goals, 21 Targets, and 60 Indicators, while the SDGs have 17 Goals, 169 Targets, and 242 Indicators which were valid from 2016 to 2030 (Dantas et al., 2021; Wijayanto & Nurhajati, 2019).
SDGs is a global initiative to create a better human life in various aspects (economic, social) in synergy with environmental aspects. The principles that underlie the SDGs in balancing these aspects are known as the 5Ps which include humans (people), the earth (planet), prosperity, peace, and cooperation (partnership) (Ike, Donovan, Topple, & Masli, 2019). These principles are interconnected and integrated in covering the Goals and Goals of the SDGs. The 5 basic foundations of the SDGs aim to achieve 3 noble goals by 2030, namely ending poverty, achieving prosperity, and overcoming climate change (Christmas, Muhajir, & Wicaksono, 2020).

To achieve this objectives, 17 Universal Goals were compiled, namely 1). “No Poverty” aims to end poverty in all forms and everywhere; 2). “Zero Hunger” aims to end hunger, achieve better food and nutrition security, and support sustainable agriculture; 3). “Good Health and Well-Being” to ensure a healthy life and support the welfare of all mankind; 4). “Quality Education” aims to ensure inclusive and equal quality education, and supports lifelong learning opportunities; 5). “Gender Equality” aims to achieve gender equality and empower all women; 6). “Clean Water and Sanitation” aims to ensure the availability of clean water and sustainable management of clean water and sanitation for humankind; 7). “Affordable and Clean Energy” aims to ensure access to affordable, reliable, sustainable and modern energy for all; 8). “Decent Work and Economic Growth” aims to support inclusive and sustainable economic growth, a full and productive workforce and decent work for all human beings; 9). “Industry, Innovation and Infrastructure” aims to build strong infrastructure, support inclusive and sustainable industrialization and foster innovation; 10). “Reduced Inequality” aims to reduce inequality within and between countries; 11). “Sustainable Cities and Communities” aims to build cities and settlements that are inclusive, safe, resilient and sustainable; 12). “Responsible Consumption and Production” aims to ensure sustainable consumption and production patterns; 13). “Climate Action” aims to take immediate action to combat climate change and its impacts; 14). “Life Below Water” aims to conserve and make sustainable use of marine, ocean and maritime resources for sustainable development; 15). “Life on Land” aims to protect, restore and support the use of terrestrial ecosystems, manage forests sustainably, combat desertification, inhibit and reverse land degradation, and inhibit the loss of biodiversity; 16). “Peace, Justice and Strong Institutions” aims to support peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels; 17). “Partnerships for the Goals” aims to strengthen implementation measures and revitalize global partnerships for sustainable development (United Nations, 2015).

CSR Contextualization for Achieving the SDGs in Indonesia
Global development initiatives require the participation of SDGs implementation at the regional and national levels. Indonesia is a country that plays a role in ensuring the implementation of SDGs that rests on a holistic approach and strategy between social inclusion, economic development and environmental sustainability while still prioritizing Indonesia’s factors and priorities (Ishatono & Raharjo, 2016; Saud, Mohi, & Pakaya, 2020). The Indonesian government has shown its seriousness, with the presence of Jusuf Kalla as Vice President at the 70th United Nations General Assembly held in New York in September 2015 (Panuluh & Fitri, 2016).

Still in the same year, in a Cabinet Session held at the end of 2015, Joko Widodo as the President of Indonesia instructed the Minister for National Development Planning to prepare a draft legal framework document for the implementation of SDGs in a Presidential Regulation. This is in line with one of the demands of the Indonesian Civil Society Coalition which asks the government to formulate a legal umbrella for implementing the SDGs (Panuluh & Fitri, 2016). Historically, the Indonesian Civil Society Coalition has overseen the formulation of the SDGs legal umbrella which also provides critical notes and alternative legal framework documents for the implementation of SDGs in Indonesia (Panuluh & Fitri, 2016).

In line with the SDGs concept, as a form of Indonesia’s commitment to implementing SDGs, President Joko Widodo has signed Presidential Decree No. 59 of 2017 concerning the Implementation of Achievement of the Sustainable Development Goals. Reflecting on Article 1 point 1 of this Presidential Decree “Sustainable Development Goals are documents that contain global goals and targets for 2016 to 2030”. In general, the substance of this Presidential Decree contains a commitment to the participation of state components to implement SDGs which is carried out in a participatory manner by involving all parties (stakeholders).

SDGs is a development that is useful for meeting the needs of today’s life without destroying or reducing the ability of future generations to meet their needs. This concept is a development strategy that imposes limits on the rate of utilization of natural ecosystems and the resources contained therein (Ishatono & Raharjo, 2016). This threshold is not absolute but is a flexible limit that depends on technology and socio-economy on the use of natural resources, as well as the ability of the biosphere to accept the consequences resulting from human activities (Christmas et al., 2020; Wijayanto & Nurhajati, 2019). In other words, sustainable development is a kind of strategy in utilizing natural ecosystems in a certain way so that their functional capacity is not damaged to provide benefits to human life.

All parties are required to actively participate and encourage the government in implementing SDGs in Indonesia. The issue of SDGs is one of the priorities of national development, which is in line with demands from stakeholders such as the
private sector (companies) to synergize aspects of corporate profits (economic value) with social and environmental aspects as an effort for sustainable development. This demand is known as corporate social responsibility (CSR), which is present because of the relationship between corporate responsibility and social elements (Disemadi & Prananingtyas, 2020).

CSR-related regulations in Indonesia reveal that the concept of SDGs as a global initiative whose goal is to create a better human life in various aspects is in line with the concept of CSR. CSR is a form of corporate responsibility for the development of an established economy to improve the quality of community life and the environment. CSR is also a company's commitment to the interests of the community and the environment in a broad sense, not just the company's interests (Yusuf, 2017). Empirical facts state that CSR can be a forum for community empowerment and poverty alleviation (Disemadi & Prananingtyas, 2020; Syahputra & Suteki, 2018), this is in line with the goals or goals in the SDGs to be achieved, namely no poverty (alleviating poverty) and zero hunger (ending hunger). Other examples of using the concept of CSR are rural economic development (Fahrial et al., 2019), improving the quality of education (Wandina, Arisanty, & Normlenai, 2016), and fulfilling the right to health for the community (Yustina, 2015). The empirical fact of the use of CSR correlates with other goals in the implementation of SDGs, such as decent work and economic growth (inclusive and sustainable economic growth), quality education, and good health and well-being (ensuring a healthy life). Based on the description above, there is a close relationship between CSR and sustainable development. Because basically, CSR prioritizes 3 principles, namely economy, society, environment which are then under the goals of SDGs. Therefore, the continuous implementation of CSR will help in realizing sustainable development.

D. CONCLUSION

CSR is an ongoing commitment by the business world to act ethically and contribute to the economic development of the local community or the wider community, along with improving the standard of living of workers and their families. In Indonesia, the implementation of CSR is regulated in various regulations made by the central and local governments. Indonesia is a country that requires corporations to implement CSR, especially for companies engaged in natural resource management. Unlike other countries, especially in developed countries, CSR is more voluntary.

CSR is conceptualized in three focuses, namely profit, which is the orientation that companies must pursue to gain economic benefits so that their businesses can continue to operate and develop. Then, people mean that companies must have a concern for the welfare of the people around them operating. Meanwhile, the planet is intended as a form of concern for the company to the
environment. Based on this, SDGs can be contextualized as a viewpoint for every corporation so that its business activities do not have a detrimental impact on the environment. Various CSR activities can realize SDGs, such as reforestation programs, provision of clean water facilities, improvement of settlements, alleviating poverty, improving the quality of education, and other matters related to sustainable development.

E. REFERENCES


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