

Corporate Social Responsibility Supervisors in Indonesia: Analysis of Local Government Regulation in 10 Province in Indonesia

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ABSTRACT

Keywords:
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Corporate Social Responsibility (CSR) is a business practice that is governed by the law in Indonesia. Every company in Indonesia is required to implement CSR under the Investment Law No. 25 of 2007 and the Limited Liability Company Act No. 40 of 2007. However, some local governments have created district laws that guide CSR applications because CSR rules are not officially established. In the legal concept, each regulation must appoint an institution in charge of managing and supervising the implementation of the regulation. Meanwhile, in Indonesia, every local government regulation has its own description of CSR supervisors body. Some provinces decide on the local government as a CSR supervisor, and some provinces choose district assembly as CSR supervisors. Institutional matters are stated in Law No. 11 of 2009 concerning Social Welfare, that the government and local governments coordinate the implementation of CSR. However, due to the different interpretations of each local government regulation, the legal basis for CSR supervision is unclear. So, this paper aims to know several institutions that have functions as CSR supervisors based on an analysis of regional regulations in 10 provinces in Indonesia. This research will use normative research methods, namely legal research conducted by analysing and researching library materials or secondary data. The final result of this research is policy suggestions to add an article about supervisory bodies on some regulation that regulates CSR. This research will provide insight for stakeholders that CSR supervision is very important to harmonise stakeholders and create a healthy business climate and social welfare.

1. INTRODUCTION

After 2007 the Corporate Social Responsibility program or corporate social responsibility in Indonesia is required to be implemented by companies/corporations. This is in line with the issuance of 3 regulations, namely Law Number 25 of 2007

concerning Capital Investment, Law Number 40 of 2007 concerning Limited Liability Companies, and Government Regulation Number 47 of 2012, which regulates the Social and Environmental Responsibilities of Limited Liability Companies. The three regulations provide a mandate to companies as business actors to be obliged to carry out CSR programs regularly. Regarding those regulations, the local government makes regional regulations on implementing CSR.

Although juridically, the government has made regulations related to CSR, in its implementation, many CSR is still not well-targeted or not optimal in assisting community empowerment. For example, here are one example of CSR; Many companies use CSR only as a marketing gimmick to carry out corporate greenwash or a mere deception of the company's image.¹ Several problems in the implementation of CSR in Indonesia in realizing the implementation of GCG "Good Corporate Governance," including the problem of company transparency in managing and providing social costs to the community. There are forms of irregularities by companies in carrying out their CSR. For example, when there are natural disasters that happen in Indonesia, many companies, especially electronic media, open aid accounts to collect funds or donations from the community, but when the aid is collected, the company will claim that the aid came from the company, this is a form of fraud for the community. This happened because no rules regulate how to manage CSR in detail.²

In implementing CSR in Indonesia, various problems arise from the society, government and companies. First, Indonesia doesn't have CSR Act, CSR Act are separated in more than three regulations. Second, lack of CSR supervision, Weak Supervision of CSR can be seen from the lack harmonization in regulations regarding CSR supervision in terms of regulations both according to laws and regional regulations.³ Corporate social responsibility's Supervisor in Indonesia does not yet have clear mechanisms and rules, who should supervise the implementation of corporate social responsibility. Third, Sometimes the society is not ready to implement CSR, especially if it is participatory, the community does not want to be invited to change and only wants to get financial assistance (philanthropy) and culture and sometimes capacity building when the community cannot absorb the company's wishes.⁴ Meanwhile, from companies

¹ Nguyen Minh, Majid Khan, and Jo Bensemann, "Corporate Social Responsibility in Vietnam: Systematic Review of Research and Future Directions," *Society and Business Review*, no. August (2021), <https://doi.org/10.1108/SBR-09-2020-0114>.

² Johanna Jauernig and Vladislav Valentinov, "CSR as Hypocrisy Avoidance: A Conceptual Framework," *Sustainability Accounting, Management and Policy Journal* 10, no. 1 (2019): 2–25, <https://doi.org/10.1108/SAMPJ-05-2018-0141>.

³ Patricia Rinwigati Waagstein, "The Mandatory Corporate Social Responsibility in Indonesia: Problems and Implications," *Journal of Business Ethics* 98, no. 3 (2011): 455–66, <https://doi.org/10.1007/s10551-010-0587-x>.

⁴ Muhammad Iqbal, "Pengawasan Implementasi Corporate Social Responsibility (CSR) PT. Inalum Terhadap Masyarakat Dan Lingkungan Sekitar Perusahaan," *Skripsi, Fakultas Hukum Universitas Sumatera Utara* (2009).

there are still many companies that carry out their CSR only to improve the company's image, there are even some companies that do not want to carry out CSR at all. Moreover, other problems that arise at this time are the existence of CSR programs that are not well targeted, the misappropriation of CSR funds, and the misuse of CSR programs that are used as a means to get attention from the community without thinking about the impact on the environment around the company.⁵

The legal basis of the local government in creating the Regional Regulation is based on Article 18 of the Indonesian Constitution, which states that the government system is divided into 3 levels, namely (1) the Central Government; (2) Provincial Government; and (3) Regency/City Government. Each level of government has the authority to make laws and regulations according to the authority they have. Law Number 32 of 2004 Article 19 paragraph 2 concerning Regional Government confirms that regional government administrators have the right to make regional regulations.⁶

In the legal concept, each regulation must appoint an institution in charge of managing and supervising the implementation of the regulation. Meanwhile, in Indonesia, there is a lack of clarity about these institutions.⁷ It is only stated in Law No. 11 of 2009 concerning Social Welfare that the government and local governments coordinate the implementation of CSR. However, due to the different interpretations of each regional regulation, the legal basis for CSR supervision is unclear.⁸ So this can raise one big question on how the law can apply sanctions or give punishment for violators of the rules if there is no clear mechanism or procedure, especially on the CSR supervisory body, as a result, the law cannot see whether the mechanism for implementing Corporate Social Responsibility is on target as mandated by laws or not.⁹

So, this paper aims to know several institutions that have functions as CSR supervisors based on an analysis of regional regulations in 10 provinces in Indonesia. From this analysis, the author will explain the many differences in CSR arrangements for each region and analyze based on these regulations related to CSR supervisory institutions. The final result of this research is a policy suggestion to add an article about supervisory bodies on some regulation that regulates CSR. This research will provide insight for stakeholders that CSR supervision is very important to create harmonization between stakeholders and create a healthy business climate and social welfare.

⁵ D Sukarja, "Kewenangan Pembentukan Peraturan Daerah Tentang Corporate Social Responsibility Oleh Pemerintah Daerah Dan Implikasinya Terhadap Iklim Penanaman ...," *Seminar Nasional Hukum Dan Ilmu Sosial*, 2019, 30–42.

⁶ Mukti Fajar, "The Administration of Corporate Social Responsibility in the District Regulation in Indonesia," *European Journal of Social Sciences Education and Research* 5, no. 1 (2015): 207, <https://doi.org/10.26417/ejser.v5i1.p207-217>.

⁷ Sukarja, "Kewenangan Pembentukan Peraturan Daerah Tentang Corporate Social Responsibility Oleh Pemerintah Daerah Dan Implikasinya Terhadap Iklim Penanaman"

⁸ Muhammad Iqbal, "Pengawasan Implementasi Corporate Social Responsibility (CSR) PT. Inalum Terhadap Masyarakat Dan Lingkungan Sekitar Perusahaan."

⁹ Muhammad Iqbal.

2. RESEARCH METHOD

This paper is based on a normative legal research method. Normative legal research is research conducted by analyzing written law from library materials or secondary data, which is better known as reference material in the legal field or legal reference material. This legal research is based on juridical facts that apply in society, are relevant to legal life, and are based on knowledge from secondary data sources that other authors have previously studied. Secondary data includes primary legal materials (relevant legislation and court decisions), secondary legal materials (books, journals, scientific papers, research reports, theses, etc.), and tertiary legal materials (law dictionaries and language dictionaries). Data that has been processed for further qualitative analysis. In this study, researchers will examine ten regional regulations in 10 provinces regulating CSR.¹⁰ The terms 'Corporate Social Responsibility (in the PT Law) and 'social responsibility (in the Investment Law) are often used interchangeably with the term CSR. For this paper's purpose, these terms will be assumed to be the same as CSR and can be referred to interchangeably in the discussion.

3. RESULTS AND DISCUSSION

3.1. Corporate Social Responsibility

Corporate social responsibility (CSR) or also known as philanthropy activity that exists in every company (that mention in the regulation) to create a balanced, harmonious and appropriate relationship with environmental conditions, norms, values, and culture in the society (Article 15b of Law No. 25 of 2007 concerning investment). CSR is a company/corporate commitment to play an active role in realizing sustainable economic development in order to improve the quality and standard of living of the community. Not only that, but it is also expected to bring benefits to the environment as well as to provide benefits for the company itself, society in general and the society (Article 1 paragraph 3 of Law No. 40 of 2007 concerning limited liability companies).¹¹ Corporate Social Responsibility is expected to not only support the realization of sustainable development but also support the realization of economic, social and environmental balance through the provision of care/ social fund.¹² Not only financial, the company also contributes to channeling CSR with social activities and contributes to physical development so that the company does not focus on giving in the form of finance alone.

¹⁰ Wardah Yuspin et al., "Law Enforcement Against Online Prostitution Providers In Indonesia And Egypt," *Jurnal Jurisprudence* 11, no. 1 (2022): 114–28, <https://doi.org/10.23917/jurisprudence.v11i1.15261>.

¹¹ Fajar, "The Administration of Corporate Social Responsibility in the District Regulation in Indonesia."

¹² Mai Ngoc Khuong, Nguyen Khoa Truong an, and Tran Thi Thanh Hang, "Stakeholders and Corporate Social Responsibility (CSR) Programme as Key Sustainable Development Strategies to Promote Corporate Reputation—Evidence from Vietnam," *Cogent Business and Management* 8, no. 1 (2021): 1–21, <https://doi.org/10.1080/23311975.2021.1917333>.

In the beginning CSR was only voluntary but along with the development of CSR, in 2007 several laws were enacted which contained provisions for the obligation of companies/corporations to implement CSR programs. Based on the Law, each local government has the authority to then make local regulations regarding the implementation of CSR.

CSR is often considered as a solution that will solve the global poverty gap, social exclusion and environmental degradation. In economically weak countries, Scherer and Palazzo conclude that companies are expected to play a 'political role' to assist governments in managing universal issues such as economic development, poverty and education. CSR is considered an alternative tool for financing development, with the term often being closely associated with the concept of 'sustainable development'.

In Indonesia, CSR initiatives have also become populist policies at the local level. The former governor of Jakarta, Basuki Tjahja Purnama (also known as "Ahok"), for example, during his reign explicitly often used CSR as an important tool for local governments to encourage regional development. The former Mayor of Bandung who has now served as Governor of West Java, Ridwan Kamil (also known as "Emil"), has also proactively promoted CSR as an alternative financing tool for regional development. Based on the fact today, some of the development of public facility using Funding from CSR budget, using CSR funding is felt to be more flexible than using conventional sources of financing such as APBD. This has led to the increasing use of CSR fund as an alternative for regional development financing. This is the background on creating CSR regulations. Actually, Regional regulation was formed and enacted to fund various local government programs, like CSR that implement knowdays as one of the solution for regional sustainable development, and this concept is contrary with the spirit of CSR regulation in the law number 40 of 2007, law number 25 of 2007, government regulation number 47 of 2012, which are intended to facilitate and strengthen the implementation of CSR by companies.

The division of government affairs based on the principle of regional autonomy above is the legal basis that is often used to justify the authority of local governments to make CSR regulations. However, the Constitutional Court through Decision No. 53/PUU-VI/2008 on the judicial review of Article 74 paragraphs 1 and 2 of the Limited Liability Company Law states that further provisions regarding CSR are regulated by a Government Regulation. Furthermore, the Constitutional Court stated that with the stipulation of CSR in the Limited Liability Company Law, the Regional Government has no authority to issue Regional Regulations regarding CSR, because the CSR provisions in the Limited Liability Company Law are imperative and can only be regulated by Government Regulation.

Based on research conducted by Public Interest Research and Public Advocacy (PIRAC), there are at least 90 regional regulations on CSR promulgated by local

governments at the provincial and city levels throughout Indonesia which are determined based on local needs and interests. The 90 regional regulations are spread over 15 provinces, 59 regencies and 16 municipalities. The number of CSR regional regulations is confirmed to have increased because when the results of the research were published, 35 other regions were currently finalizing the discussion on the CSR regulations draft.

3.2. Analysis Local Government Regulation

The results of research Mukti: 2015 - 2016 show that there are 11 regional regulations at the provincial level and 37 regional regulations at the city district level regarding CSR. These data show that there is disharmony in formulating the contents and provisions in regulating CSR, giving rise to normative and technical problems. The difference relates to (a) the scope of the CSR program; (b) CSR implementing companies; (c) Source of funds used for CSR; and (4) institutions that are given the authority to supervise CSR. This has resulted in the mechanism for implementing the CSR Program by the company being out of sync from one region to another. Likewise, the government's pattern of Supervision is not uniform.¹³

There is no specific regulation regarding the authorities in supervising the implementation of CSR by Limited Liability Companies, even though three Indonesian laws and regulations explicitly require the implementation of CSR for companies, Law No. 25 of 2007 concerning Investment with Article 15 which states that every investment is obliged to to (a) implement good corporate governance, (b) implement corporate social responsibility and Law No. 40 of 2007 concerning Limited Liability Companies, which in Article 74 (1) states that "Companies that carry out their business activities in the field and/or related to with natural resources are obliged to carry out Social and Environmental Responsibilities".

In analyzing the Supervision of the implementation of the CSR program, the author will take a sample of regional government regulations in 10 provinces in Indonesia, showed **Table 1**. The following are analysis results on regional regulations regulating the provisions of CSR.

¹³ Fajar, "The Administration of Corporate Social Responsibility in the District Regulation in Indonesia."

Table 1. The Analysis Result Regarding The Local Government Regulation in 10 Provinces in Indonesia

No	Province	Name of Regional Regulation	Institution Manager	Supervisor
1	Special Region of Yogyakarta	Regional Regulation Kulon Progo district Number 22 of 2012 About Not quite enough answer social company	CSR Implementation Forum (Corporate Social Responsibility)	DPRD The Regional Government submits a notification of the implementation of the TSP implementing forum activities to the DPRD through the DPRD commission or equipment in charge of (Ps.16(3))
		Regional Regulation of Sleman Regency Number 4 the Year 2017 Concerning Corporate Social Responsibility Management	CSR Forum Corporate social responsibility	CSR There is no detail on who oversees the implementation of management performance, but it is explained in CHAPTER IV Forum Working Mechanism Article 16 duties and responsibilities of the CSR Forum starting from planning, implementing, monitoring and evaluating CSR programs and activities.
		Regulation Of The Regent of Bantul Number 7 Of 2020 Concerning Implementation of Social Responsibility And Corporate Environment	The TSLP Team is the Team that coordinates the implementation of TSLP in the Regions.	Regent The TSLP team monitors and evaluation of the implementation of TSLP which then The results of monitoring and evaluation of TSLP implementation are then reported to the Regent.
2	West Java	Bekasi City Regional Regulation Number 06 of 2015 concerning Guidelines for Corporate Social and Environmental Responsibility in the city of Bekasi	Social Responsibility Management Agency and Environment (LPTJSL)	DPRD DPRD carries out Supervision on the performance of LPTJSL managers (Ps.23)

		Sukabumi district regulation Number 6 of 2014 concerning corporate social responsibility, partnership and development environment	Responsibility Forum responsibility, partnership and development environment	Local Government Local governments are required to provide guidance and Supervision of the implementation of the CSR program (Ps.15)	
		Tasikmalaya city regulations Number 4 of 2015 About Guidelines for managing corporate social and environmental responsibility programs and partnership and environmental development programs in the city of Tasikmalaya	Team Implementation Facilitation Not quite enough Social Answer and Environment (TJSL)	Mayor The Mayor has the authority to provide guidance, Supervision and control over the implementation of the TJSL and PKBL Programs in the Regions. (ps.21)	
3	Central Province	Java	Regulation area japan district	TSP implementing committee	local government Supervision TSP by Local Government (Article 7 C)
			Regulation area Regency Klaten Number 9-year 2014 About Not quite enough answer social and environment company	Team builder and Supervisor Executor TJSLP	Regent Regent To do construction and Supervision to implementation TJSLP (Article 20(1))
			Regulation area h city surakart anumber 2 years 2015 about Not quite enough answer social company	Manager Responsible g Answer SocialCompany (TJSP)	Mayor Mayor carry out construction and Supervision to CSR (Chapter 19(1))
4	Province Java	East	Regulation area district Banyuwangi Number 3 year 2014 About Not quite enough answer social company (copy regulation Regent no 43 years old 2015)	Forum executor TSP	Regent (There is no chapter which written about Supervision) Results evaluation as referred to in paragraph (1) must be reportedby written to Regent (Chapter 7 (3))
			Regulation area district Poor number 1-year 2013 about not quite enough answer socialcompany	Forum executor responsibility company	Local Government Government Area To supervise periodically, in accordance with need, creating a good climate investment. (Chapter 4(1))

		District regulations Lamongan No. 9 of 2013 concerning Corporate Social Responsibility	company forum Implementing (TJSP)	Regent TJSP conducts monitoring (up to the sub-district level) and evaluation in a participatory manner which is submitted to the Regent (article 24)
5	Province Riau Islands	Regulation batam city area number 2- year 2012 about responsibility social company	Management Agency Not quite enough Answer Social / TSP forums	DPRD (There is no chapter which written about Supervision) Government Region convey report implementation TSP every year to DPRD. (Chapter 18(3)) Forum TSP must give report implementation TSP every 6 (six) month to Government Area (Chapter 24(1))
		Riau Province Regional Regulation No. 6 of 2012 concerning Corporate Social Responsibility	CSR Forum	Local Government CSR is coordinated with local governments (Article 7).
6	DKI Jakarta	Governor Regulation No. 112 of 2013 concerning Social Responsibility and the Business Environment of DKI Jakarta Province	Responsibility Social and Business Environment (TSLDU)	SKPD In accordance with Chapter V article 9, the duties of the SKPD are as Superintendent, and in control in Chapter VI Mechanism Implementation of TSLDU Article 15 Monitoring and Evaluation carried out by SKPD
7	Nanggroe Aceh Darussalam	Qanun, East Aceh Regency Number 12 Year 2016	TJSPLP implementing forum (implementing forum TJSPLP)	Government Regency Article 11 paragraph (3) can form a Planning, Evaluation and Monitoring Team, for the smooth implementation of CSR.

	Aceh Qanun Number 15 Year 2013 About Mining Management Mineral and Coal	Article 23, Article 25, Article 26, Article 27, Article 28, IUP holders (is permission to carry out mining business) and IUPK (permit for carry out business mining in a special mining business permit area), Governor or regent / mayor	Governor or regent/ mayor Article 68 The Governor is responsible for providing guidance on the implementation of mining business activities carried out by IUP, IPR and IUPK holders. The Regent/Mayor is responsible for providing guidance on the implementation of mining business activities carried out by IUP and IPR holders.
	Qanun Of Aceh Tamiang Regency Number 7 Year 2014 About Implementation Of Social And Environmental Responsibility Limited Company In Aceh Tamiang District	Article 1 point 6 and Article 13 Forum TSLP the Company's commitment to play a role and in sustainable economic development in order to improve quality of life and a beneficial environment, both for the company itself, the local community and the community at generally.	DPRK Article 11 District Governments through the TSLP Forum are open and can accessed by the public and a copy of the report is submitted to DPRK Aceh Tamiang.
8	8 Gorontalo Gorontalo Province Regulation Number 6 of 2016 Concerning Social Responsibility And Corporate Environment	Article 1 number 9 TJSLP Forum is a communication forum established in order to facilitate the implementation of corporate social and environmental responsibility programs.	Governor and DPRD Article 27 conduct guidance, Supervision and evaluation of the implementation of the CSR program.
	Regional Regulation of Gorontalo Province Number 4 Year 2016	SKPD Article 12 9 Gorontalo Province Regional Apparatus Work Units) Implementation of KLHS in the preparation of RPJPP and RPJMP	Article 1 number 67 PPLHD (an official appointed by the Governor to carry out the task of supervising environmental management in the region)

9	Maluku	Maluku Province Regulations Number 9 Year 2014 About Guidelines for Corporate Social Responsibility in Maluku Province	CSR implementation forum (The responsibility inherent in each company is to continue to create a harmonious, balanced and appropriate relationship with the environment, values, norms and culture of the local community)	Regional government Article 23 obliged to supervise and evaluate the implementation of CSR
		Ternate City Regulations Number 1 Year 2019 About Children Fit City	Article 29 Business World (No special forum yet)	Mayor Article 12 KLA Task Force The mayor supervises, develops, and evaluates once a year on the main tasks of the KLA Task Force.
10	Bali	Badung Regency Regulation Number 6 of 2013 concerning Corporate Social Responsibility	CSR FORUM In skeleton coordination implementation of CSR in several regions company establish a CSR Forum, so that CSR programs can planned, integrated and synergistic with regional development programs (article 14)	CSR Community & Forum Article 21 Everyone has the right for follow as well as by participatory to do supervision implementation of CSR with coordinate with the CSR Forum especially first. Article 20 Every company should report CSR implementation once a year to Local Government through CSR Forum.

Due to the absence of a specific law that specifically regulated on CSR, this cause impact in different interpretations of CSR supervisory body in regional regulations especially in the field of Supervision. The author doing research on each regional government regulation intrepertation on supervisor field. These local government regulations are very diverse and have the potential to conflict with laws above (undang-undang). In addition, these regional regulations are also drafted and enforced without a clear legal framework that underlies the authority of regional governments to make local

government regulations on CSR. In relation to investment activities, the existence of these local government regulations is feared to affect the investment climate in the regions.¹⁴

Based on the data above, we can see the differences of CSR's supervisory body that regulated by every province. In the implementation of CSR that has been running so far, it cannot be denied that in its implementation not all companies/corporations have carried out CSR programs properly and correctly according to existing regulations. Meanwhile, other problems that arise at this time are the existence of CSR programs that are not well targeted, and the misappropriation of CSR funds and misuse of CSR programs as a means of getting public attention, besides that this fraud will also have an impact on the environment around the company or corporation.

If we analyse from those local government regulation there are disharmony of supervisory article. The different interpretations of CSR in this regional regulation can cause disharmony between regional CSR regulations and become a problem for companies to implement it. Especially if there are regulations at the provincial level that are not in accordance with the regulations at the district level. For example, the local regulation of the city of Surakarta number 2 of 2015 concerning corporate social responsibility. In article 19 paragraph 1 it is explained that "the mayor carries out the guidance and supervision of CSR". Meanwhile, Klaten Regency regulates that CSR supervisors are carried out by the R egent through the Klaten Regency Regional Regulation Number 9 of 2014 concerning Corporate Social and Environmental Responsibility in Article 20 paragraph 1 which reads "Regents carry out guidance and supervision of the implementation of CSR". Therefore, from the example of the two regional regulations, they must confirm to the Provincial Regulations.

The purpose of the establishment of a regional regulation on social and environmental responsibility is to realize community welfare and the preservation of environmental functions in the area of regional government. The regulation of social and environmental responsibility is regulated in a Regional Regulation based also on the provisions of Law Number 23 of 2014 concerning Regional Government. Giving authority to the Regional Government to form a Regional Regulation so that all statutory provisions can be applied in the region.

3.3. Analysis CSR Supervisors

As well as in PP Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies which is a follow-up and explanation of the company law no. 40 of 2007, in its articles it states that every company as a legal subject has social and environmental responsibilities. The word mandatory contained in these laws and government regulations will clearly be followed by sanctions if the law is not carried out. If there are sanctions, it means that there are also penalties for companies

¹⁴ Satria Sukananda et al., "Corporate Social Responsibility)" 3, no. 1 (2018): 12–21.

that do not implement CSR. Then what about the Supervision of the practice of implementing CSR itself by the government? With the government's intensification of CSR programs in Indonesia, it is undeniable that not all companies in Indonesia have implemented CSR programs well, even though limited liability companies can do so. However, when the company's business faced problems with the local community, the company realized the importance of the CSR program. Whereas the CSR program must be designed in such a way with a mature and sustainable strategy. Every company that conducts business activities in Indonesia must be able to have a positive impact on society. The above efforts must be seen from the application of the principles of economic democracy, efficiency, sustainability, and environmentally friendly. If this concept is related to the understanding, regulation and implementation of CSR, actually there is no reason for Indonesian entrepreneurs or companies not to implement CSR in their business activities, because CSR has become a constitutional mandate.¹⁵

There is a void of norms regarding who is authorized to supervise the implementation of CSR programs, even though sanctions against companies that do not implement CSR have been regulated in Law Number 25 of 2007 concerning Investment (UUPM). In the Capital Market Law, the legal risks for companies that do not implement CSR are regulated in Article 34 of the Capital Market Law, namely administrative sanctions in the form of written warnings, restrictions on business activities, freezing of business activities and/or investment facilities or revocation of business activities and/or investment facilities.

Indonesia has 514 regencies/cities and 34 provinces. Since the existence of CSR obligations through laws and regulations at the central level, 11 (32.3%) Provinces and 37 (7.2%) Regencies regulate CSR in their regional regulations. So based on this percentage, it can be interpreted that there are still very few regions with regional CSR regulations. From the various CSR policies in the area, referring to the laws and regulations, PP, Candy from the central government, including:

1. Law no. 25 of 2007 concerning Investment,
2. Law no. 40 of 2007 concerning Limited Liability Companies
3. Law no. 19 of 2003 concerning State-Owned Enterprises
4. Law no. 13 of 2011 concerning Handling the Poor
5. Law no. 11 of 2009 concerning Social Welfare,
6. Government Regulation no. 47 of 2012 concerning Social and Environmental Responsibility,
7. Government Regulation no. 39 of 2012 concerning the Implementation of Social Welfare,

¹⁵ Isa Wahyudi dan Busyra Azheri, 2008, Corporate Social Responsibility Prinsip, Pengaturan dan Implementasi, INSPIRE Indonesia, Malang, hal. 242

8. Regulation of the Minister of SOEs No. 4 of 2007 concerning Procedures for the Implementation of Social Responsibility in the Business World,
9. Regulation of the Minister of Social Affairs No. 13 of 2012 concerning the Business World Social Responsibility Forum in the Implementation of Social Welfare.
10. Regulation of the Minister of Social Affairs of the Republic of Indonesia No. 50/HUK/2005 concerning Guidelines for the Implementation of Cross-Sector and Business Cooperation.

The above regulations have been the legal basis for the implementation of CSR in Indonesia. Due to the large number of regulations, when local governments make and formulate regional regulations on CSR, it will result in different interpretations and non-uniform CSR arrangements in every regional regulation in Indonesia. However, the difference from these regional regulations does not become a legal problem, as long as the regional regulations do not conflict with the above regulations or higher laws. Because the legal system is a tiered or tiered rule (hierarchy) where the principle of *lex superior derogat legi inferiori* or more legal norms must adhere to or follow higher legal norms (Hans Kelsen, *Stufenbau Theory*)

The concept of CSR norm is in line with Jean Bodin's opinion, sovereignty is the absolute and eternal power of a republic. State sovereignty has a very broad content, as in J.G Starke's opinion, the exercise of jurisdiction by a state over property, people, actions or events that occur within its territory. It is clearly recognized by international law for all member states of the international community. Therefore, from each of the laws and regulations that has been made, the government has the right to exercise control over (as supervisor) to the objects or legal subjects that are regulated. This is intended to ensure that the laws and regulations work well, including law enforcement in the provision of sanctions. To carry out this Supervision, the government establishes a government structure or bureaucracy. This bureaucracy is the spearhead in the surveillance system.

3.4. CSR case in indonesia

There are several examples of implementation cases CSR programs that are not running smoothly because there is a conflict between the company and the community, in of which occurred at PT Freeport in Papua, PT Inti Indorayon at Porsea North Sumatra, PT Samsung in Pasuruan, PT Exxon Mobil in Lhokseumawe Aceh, PT Newmont in North Sulawesi, Garuda CSR Fund for December 2019, PT Bureau of Classification Indonesia (BKI) a state-owned company in November 2021 and Corporate Social Responsibility (CSR) between Unsoed and PT Aneka Tambang (Antam) in 2011. The conflict that happens protractedly so later will become obstacles are not only for companies that are trying to profit from his business, but also result in the failure of the company to participate in community empowerment efforts in Surroundings.

For another example, in the banking industry, Law Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 has no regulation regarding the role of OJK or BI (Bank Indonesia) in terms of monitoring CSR programs in financial services companies.

3.5. The CSR's Concept of Supervision by Local Government

In the government system in Indonesia, the implementation of Supervision is divided into two parts, namely, internal Supervision and external Supervision where external Supervision is carried out by institutions outside the supervised government organs (external Supervision), and can be carried out by institutions within the government environment (internal Supervision). External Supervision is carried out by state institutions such as the House of Representatives (DPR/DPRD), the Supreme Audit Agency (BPK), the Supreme Court and judicial institutions below it. External Supervision can also be carried out by the community, which can be carried out by individuals, community groups, Non-Governmental Organizations (NGOs) and the mass media.

Implementation of supervision or control functions performed based on the authority possessed by the Regional Government to carry out the duties and responsibilities of the Regional Government in running the government system. In relation to the control function that is owned by the regional government, then for the social and environmental responsibility activities that have been regulated in the laws and regulations, the regional government stipulates a regional regulation as the legal basis for carrying out the task of control or Supervision.

The essence of Supervision by the Regional Government, related to the implementation of social and environmental responsibility (TJSL), has the understanding that the nature of the control activities carried out by the Regional Government on the implementation of social and environmental responsibility by the company, because it will contribute as an effort to realize the level of community welfare and the preservation of environmental functions.

Supervision is carried out to control the implementation of social and environmental responsibility carried out by the company in accordance with the provisions of the Act, specifically in accordance with the provisions of the Regional Regulation on social and environmental responsibility, which are stipulated by the Regional Government as well as Regional Government policies for the benefit of the community and the region.

Therefore, the Regional Government in accordance with its authority carries out the control function, to minimize the impact of damage from company activities, in the form of control over company activities, in order to carry out social and environmental responsibilities as a form of contribution, based on the laws and regulations. The goal is to realize the implementation of sustainable development, as an effort to realize the level of community welfare and the preservation of environmental functions in the region.

Regarding to the Supervision of CSR obligations, each region has a committee that acts as a mechanism for monitoring and evaluating the company's CSR implementation. As already owned by the regional government of Central Java Province. The local government established a corporate social and environmental responsibility forum (FTJSLP) to implement facilities for the implementation of corporate social and environmental responsibility programs (TJSLP) with the function of assisting in facilitating program planning, facilitation for the implementation of development, Supervision and evaluation of implementation.

The committee that acts as a CSR control mechanism by the Regional Government is a recommended mechanism in the implementation of CSR, so that companies will have an idea within the scope of CSR implementation about what the community needs, and in the end CSR implementation will be right on target. According to Laurensia Andirini, the committee's duties do not stop there. The committee must also oversee the implementation of CSR by the company, if the committee finds a violation, the committee must report the findings to the local government. In this way, the implementation of CSR can be monitored properly and the results can be enjoyed by the community.

4. CONCLUSION

The CSR program is an obligation that must be carried out by the company for the benefit of the surrounding community, but in reality until now CSR has not been running as it should. Many CSRs are not well targeted, which ultimately results in conflict between the company and the community. The weakness of CSR supervisory regulation is also one that must be considered, with weakness of regulations regarding supervision will result in many interpretations of CSR supervisory institutions. Based on the analysis data of these regional regulations, it can be concluded that, indeed, there are no regulations that explicitly regulate CSR supervisory agencies. The existence of differences in supervisory institutions in each of these regulations proves that there is no harmonization of laws in regional regulations on CSR. Besides that, if there is no clear mechanism or procedure, especially on the CSR supervisory body, will resulted legal uncertainty, the law cannot see whether the mechanism for implementing Corporate Social Responsibility is on target as mandated by laws or not. And when someone breaks the rules then there is no regulation that can apply sanctions or give punishment for violators. My Sugestion for this problem are by adding one article regarding CSR's supervisory body with the issuance of 3 regulations at the same time namely Law Number 25 of 2007 concerning Capital Investment, and Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 which regulates Social and Environmental Responsibilities of Limited Liability Companies. The three regulations provide a mandate to companies as business actors to be obliged to carry

out CSR programs on a regular basis. Regarding those regulation, the local government makes regional regulations on implementation of CSR.

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