

THE PROBLEMS OF CORPORATE SOCIAL RESPONSIBILITY REGULATION IN INDONESIAN LOCAL REGULATIONS

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Abstract: This research examines the regulation of Corporate Social Responsibility (CSR) in dealing with the Regional Regulation in Indonesia. This study becomes an important issue because CSR arrangements by the central government do not provide clear implementation guidelines, there are many local governments manage CSR based on their interests and perceptions. This research is conducted through legal approach (normative legal research), both of concept and theory of law, as well as legislation related to regulation of CSR in Region. An empirical approach was used to explore the facts, and field research was conducted in the Provinces of Special Region of Yogyakarta and Central Java. The results of the research show that there is a wide variety of contents of local regulations on CSR because each region refers to the national law on CSR in different contexts. However, the various policy by local government is a form of deviation from the legal system. The local government organizes CSR with the intention to utilize the resources of the corporation to support the work program of the local government to overcome social problems in its territory.

Keywords: Harmonization, Law of CSR Management, Regional Regulation

1. Introduction

Corporate Social Responsibility is a necessary corporate activity in Indonesia. Based on the law No. 25 of 2007 on Capital Investment and Law No. 40 of 2007 on Limited Liability Company mentioned that every investor and Limited Liability Company is required to implement CSR. However, both laws only command on the obligations without providing an implementation guidelines. So that the CSR program conducted based on the rules which formulated on the initiative of Local Government (PEMDA). With the regional autonomy authority, some local governments established CSR management policies in their respective areas based on their respective interests and perceptions.

The Indonesian government system in the legal system has several levels (leveling) such as the Central Regulations (Laws), Provincial Regulations and Regency/Municipal Regulations (Perda Kabupaten). To maintain the harmonization of law, every regulation in the lower level should follow the higher level of law. For example, district/city government should refer to provincial and central government regulations. Therefore, among the regional provisions must be synchronous and not contradictory.

Based on Mukti's research (2016) shows that there are 11 (eleven) local regulations in Province level and 37 (thirty-seven) Regional Regulations in district level related to CSR. From the data shows the disharmonizing in formulating the content and provisions on CSR, which caused to the normative and technical problem (Mukti, 2016)

The differences relate to (a) the scope of the CSR program; (b) the CSR implementing Company; (c) Source of funds used for CSR; and (4) institutions authorized to supervise CSR. This resulted in the mechanism of CSR Program implementation by the company to be out of sync with one region to another.

These research aims are to determine the differences in provisions regulating CSR in the Regional Regulation and assess the interests of local governments and businesses. This research was conducted through legal approach (normative legal research). A field of study was also conducted to explore the information from businesses and governments in DIY Province and Central Java. The choice of location is made for both Regionals because of their effort on establishment CSR from the years 2014 - 2017, so that researchers may analyze the direct polemic in the process. Both from the wishes of

local governments and the expectations of the business world.

2. The overview of CSR Regulation

2.1. The Concept and regulation on CSR

In various concepts explained that CSR is a company whose activity is based on business ethics. This ethical action as the development of corporate goals that not only seek the profit but also to focus on social issues. The CSR is a business activity which is based on the voluntary principle is not a legal obligation.

Moreover, Saleem Sheikh (2002) emphasize that CSR is a concept as the integration of business operations with the social and environment, where the interaction is based on volunteering (voluntary based). A volunteering basis is a strategic approach to building the cooperation (partnership) with stakeholders. If the law requires it, it will lead to inefficiencies, because the CSR will bring additional costs, and because it has not enacted globally, it will lead to injustice. If mandatory principles for CSR are passed on, then it will be the beginning of damage from corporate law, because of the inconsistency of law that puts corporations as business institutions which have a legal burden of handling social issues.

Meanwhile, there are some opinions stated that CSR should be compulsory by law. Because CSR issues have entered on an international level, thus demanding consequences on legitimacy and law enforcement. Therefore, the national private law can, and in fact, should enforce CSR codes as valid legal obligations. From the legal effectiveness, explained two reasons that the law should regulate CSR. The regulation contains; first, that there is no force from habit or voluntary, without being ratified in the local regulations of a State. Second, the non-binding voluntary principle will not have any effect clearly and measurably. CSR is a function of law and Law is a function of CSR.

CSR needs to be governed by State law because: (1) the state has the authority to regulate the corporation and; (2) arrangements are needed to clarify the definition of CSR concepts, implementation measures and

standardization in the audit system. Although such methods have the potential to inhibit the CSR development process itself.

This debate raises the dualism of understanding up to now. Development of concepts and implementation of CSR in different countries also differ. Although voluntary principles are still mainstream, some countries are beginning to regulate CSR into the legal system. The United Kingdom implicitly provides an obligation for directors to pay attention to social issues in the Company Act 2006. The Philippines regulated CSR into the Corporate Social Responsibility Act 2007. In section 3 explained that all the companies, both domestic and foreign company obligated to implement CSR by addressing all the impacts of the company's activities to consumers, employees, communities and the environment. India clearly and detailly obliges CSR in the India Company Act 2013. In article 135 explained that *Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.*

March 13, 2007, The EU Parliament passed a resolution entitled "*Corporate Social Responsibility: A New Partnership*", which urges the European Commission to increase its obligations relating to corporate accountability, namely the duties of a director to make any reporting on the social and environmental performance of the company (*environmental and social reporting*). This resolution is a form of European Parliament's commitment to follow up such declarations. The ILO Declaration on Fundamental Principles and Rights at Work 1998, the Organization for Economic Cooperation and Development (OECD) 1997 Anti-Bribery Convention, the 2002 Johannesburg World Summit on Sustainable Development, the Global Reporting Initiative's G3 Sustainability and Reporting Guidelines 2006.

2.2. CSR regulation in Indonesia

In Indonesia CSR regulated in Limited Liability Company Act 2007 and Capital Investment Act 2007. Mentioned in

article 15 b Law No. 25 of 2007 on Capital Investment stated: *"Every investor is obliged to carry out corporate social responsibility."* From the regulation before obligated to all companies in Indonesia on implementing of CSR. Whatever form of company and move in any field. Meanwhile, in article 74 paragraph (1) of Law No. 40 of 2007 on Limited Liability Company stated that: *The Company which carries out its business activities in the field and related to natural resources is obliged to carry out the Social and Environmental Responsibility.* The provisions of this Act are specific to the form of Limited Persons and which have a business related to natural resources.

In the Indonesian contexts, the Indonesian Chamber of Commerce, the Association of Young Indonesian Entrepreneurs, the Association of Young Women Entrepreneurs of Indonesia and several companies filed a petition for a judicial review of the Constitutional Court against Article 74 of the Limited Liability Company Act 2017.

The Petitioners are arguing that Article 74 of the Limited Liability Company Law is contradictory to the 1945 Constitution, Article 28 D Paragraph 1, concerning fair legal certainty. Article 28 I Paragraph 2, wherein everyone has the right to be free from discriminatory treatment, and Article 33 Paragraph 4, that the state is responsible for social and poverty issues.

According to the applicant, this is considered to result in uncertainty and make the business world or Indonesian company become inefficiency that the formulation of the Social and Environmental Responsibility (TJSL) regulated by law is contrary to the basic principles of CSR which are ethical, moral and voluntary. The formulation of such a CSR leads to double collections by the company which in addition the payment of taxes CSR had caused unequal treatment before the law, because companies which engaged in the field of natural resources already carry out their obligations under the law, but still required to budget cost of CSR (Constitutional Court Decision Number 53/PUU-VI/2008).

But the Constitutional Court eliminated the lawsuit. The reason: that social and environmental responsibility sociologically has

been in accordance with the philosophy of the Indonesian nation. Regarding the implementation of environmental management, the Constitution of Indonesia gives the meaning of good efficiency should be based on legal norms to realize the greatest prosperity of the people.

The Court also argued that the relationship between moral and ethics with the law is gradual, in which law is the formalization or legalization of moral values. In this connection, moral and ethical values can be changed gradually into laws to be more binding. The Constitutional Court's decision justifies that CSR's obligations in Indonesia are in line with the nation's philosophy of life, based on moral values and instead provide legal certainty, rather than voluntary.

A further issue of CSR regulation in Indonesia is the absence of more technical rules to serve as guidelines for implementation. The Government has issued Government Regulation No. 47 of 2012 on Corporate Social Responsibility and Environment Limited. But the regulation is also not explained how the company implements CSR.

CSR settings in UUPU and UUPM does not provide precise details. This provides a space for each corporation to carry out by the circumstances and circumstances faced. This is in accordance with the reflexive law theory (Mukti, 2009). Reflective law theory is a legal theory that explains the limitations of the law in complex societies to guide social change effectively. Hess, (1999) reflective law theory tries to suppress the complexity and diversity of society through extensive legislation. *Reflexive law theory aims to direct behavioral patterns and encourage self-regulation.* (David Hess, 1999). This theory focuses on the social process of "regulated autonomy" which is: to let private actors, like corporations to regulate themselves freely. On the perspectives, reflexive law interferes with social processes by establishing a benchmark procedure for corporate behavior (Hess, 1999).

This understanding explains that CSR may be required by law, but its implementation is left to the management of the company to govern itself. This concept is the underlying arrangement of CSR in Indonesia to be not regulated in detail. But this is a problem for

local governments because the factual operational companies exist in their region. Meanwhile, many companies are implementing CSR in the regions in the way and guidelines they set themselves. So many local governments want to arrange more detailed CSR implementation in local regulations (Mukti, 2015).

2.3. Regional Regulation System in Indonesia

Indonesian Constitution Article 18 states that the system of government is divided into three levels, namely (1) the Central Government; (2) Provincial Government; and (3) District / City Government. Each level of government has the authority to make legislation in accordance with the legislation owned. In Article 19 paragraph 2 of Law No. 32 of 2004 on Regional Government asserted for local government officials have the right to make laws and regulations. In detail Article 25

of Law Number 32 the Year 2004 regarding Regional Autonomy, regional heads have duties and authority, among others: (1) To lead the implementation of local government based on the policies established with DPRD; (2) Proposing the bill; (3) Establish a law that has been approved by the DPRD.

According to Article 18 Paragraph (6) of the 1945 Constitution, the regional government has the right to enact local regulations and other regulations to implement local autonomy and assistance tasks. In this regard, the national legal system provides the attributive authority to the regions to enact local laws and other local regulations to support the Government's work program in the areas.

Based on Law No. 12 the Year 2012 on the Formation of Legislation, Local Government has the authority to make local regulations in some models with some advantages and disadvantages such as:

Table 1. The Model of Local Government Policy

Kind of Policy	Content	Advantages	Disadvantages
Local Regulation	<ol style="list-style-type: none"> 1. Regulate the implementation of higher regulations 2. Arranging the implementation of autonomy and duty of assistance 3. Accommodate the special conditions of the region 	<ol style="list-style-type: none"> 1. There is a criminal provision 2. There may be delegations to the regulation at the city/county level 3. Broader scope set according to regional needs 	<ol style="list-style-type: none"> 1. Not regulate the technicalities of a policy 2. Preparation through a long political process
Regulation of Governor / Regent	<ol style="list-style-type: none"> 1. Further elaboration of the higher regulations or regional regulations 2. Filling the legal vacuum (<i>rechtvacum</i>) to enforce higher regulations 3. More set on technical matters legal vacuum 	<ol style="list-style-type: none"> 1. Simpler in the process of making it 2. Set professional policies 	<ol style="list-style-type: none"> 1. No criminal sanctions but administrative sanctions 2. No action is only an appeal

However, local governments often encounter problems in local regulation, among others:

- a. The Regulations (PUU) which form the basis or guidelines for drafting the local regulation is amended or changes

so that the regions are less prepared to respond.

- b. The inconsistency of legislation at the central level may have an impact on regional errors in determining legal provisions.
- c. Technically, the scope of PUU that must be harmonized by many and varied areas ranging from the Act to the Ministerial Regulation, so that the harmonization process proposing the bill in local regulation takes time and more energy.
- d. The lack of detailed and slow process of socialization of central regulation leads to differences in perception and understanding between the center and the regions
- e. The central government is less transparent in determining the norms, standards, procedures, and implementation criteria, thus encouraging the region to take its initiative by making regulations or policies that may conflict with the center.

The delegation of the regulation of certain things in the PUU to the unclear, local regulation, especially the content of the subject matter ordered to be regulated by the local regulation, may make it difficult for the regions to draft the law. This could potentially lead to abuse of power and overlapping arrangements.

2.4. CSR Regulatory Issues in the Region

For CSR implementation in Indonesia, various parties, both companies, and local governments need guidance from several issues related to CSR Regulation that are not yet clear on national law. The problems are 1). Source of CSR financing; 2) Scope of CSR activities; 3) Institution of CSR management, and 4) the compulsory company. (Mukti Fajar: 2016). To know the exact formulation of the issue, the basic concept that has been applied for this time.

a. CSR Financial Sources

In some countries requiring CSR, among others, regulate the source of CSR funds. CSR financing in India under the 2013 corporate act

taken from corporate profits. Companies with certain revenues are required to disburse 2% of profit for the implementation of CSR. In Malaysia, CSR is charged from the profits of that company.

Similarly in the UK, in the Company Act, 2006 companies do CSR of profit. In Indonesia, there are two conditions. Under the Limited Liability Company Law, each Limited Company must budget for CSR. While in UUBUMN 2003 that every State-owned company finances the CSR from profit. This makes the double standard in the formulation of Regional Regulations.

b. The Scopes of CSR Activities

CSR is implemented in a wide scope such as: (1) by business to honor ethical values; (2) and respect people, communities and the natural environment; (3). Investors; (4), customers (5), and employees (6) and are reflected in the company's policies and actions.

Based on the previous research, CSR divided into some scopes namely:

1. Social Responsibility to the Employees

Employees are one of the most critical stakeholders in a company that is often overlooked. Their rights are only granted according to the minimum regulatory standards. Therefore, employees are entitled to CSR. By giving employees access to the company's ownership (Employee Stock Option Plan (ESOP) where employees share a portion of the company's shares.

2. Social Responsibility to the Consumer

The consumer is king. Universally, consumers have the right. Therefore, paying attention to consumers more than legal provisions is a form of CSR.

3. Social Responsibility to the Society

Corporations play a role in economic growth and to reduce the number of poverty. In the context of CSR, corporations are invited to participate actively in taking part in improving people's lives, especially the poor, through community development programs.

4. Social Responsibility to the Environment

In many countries, environmental laws are regulated into the domestic law and International Treaty. But it only protects the physical environment, not on the concept of

sustainable development. Since corporations are the most exploring institutions of nature, they need to be careful about sustainability.

5. Social Responsibility to the Human Rights Perspective

The human rights regime is being directed to the corporation (*nonstate actor*). The argument is that there are 77,000 Multi-National Corporation (MNC) with 770,000 subsidiaries and involving millions of partners operating in every corner of the world. Through various forums, the EU has recommended human rights to be of concern to corporations in CSR.

c. The institution of CSR Management

In the concept of law, every regulation must designate the agency which responsible for managing the implementation of the regulation. Companies in India are required to have a CSR Council tasked with controlling CSR. Malaysian Institute of Integrity (IIM) is an institution that serves to facilitate the process of development in realizing "National Integrity Plan 2004", one of which is the management of CSR. The *Institute of Corporate Responsibility and Sustainability (ICRS)* is the *UK's* professional body for *corporate responsibility* and sustainability. While in Indonesia there is a lack of clarity about the institution. Only mentioned in the Social Welfare Act no 11 of 2009, that the government and local governments coordinate the implementation of CSR.

d. Required Company

In various concepts of CSR is not explained the type of company that must implement CSR. But this is a matter of regulation. Because there is a set of all types and sizes companies must implement, but

there are only for certain types of companies. In India all listed companies, foreign companies working with India and government-owned companies are required to implement CSR. In Indonesia, the obligations are strictly for the limited liability companies (LLC) and government-owned companies. In Malaysia, there is an obligation for all Malaysian companies. In the UK, all companies have to implement CSR unless some companies are unable to meet the requirements described in the regulation.

3. The Research approaches

This research is normative legal research, which examines the rule of law from the perspective of theory and the principle of law which is related to CSR settings. This research will analyze the harmonization between national laws and local regulations. Data will be analyzed prescriptively with conceptual and case approaches.

To complete the analysis is also equipped with an empirical approach, which examines the practice of CSR implementation in the field and conduct interviews (respondents) with business actors and local government officials. The location of the research was conducted in Yogyakarta and Central Java Provinces. The facts in this field will be compared with various CSR arrangements in multiple Regions. Furthermore, it will be analyzed descriptively with a qualitative and quantitative approach.

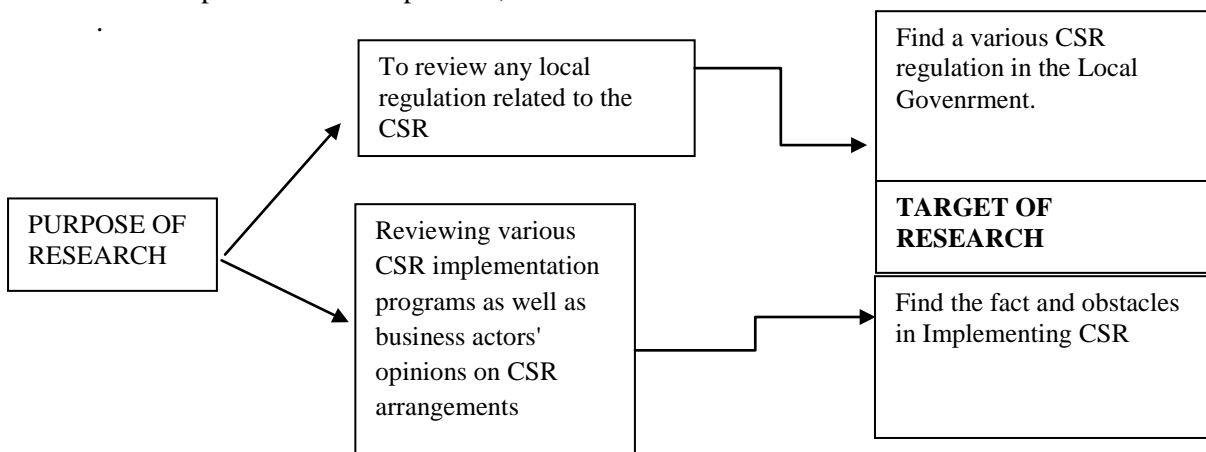


Figure 1. The Purpose of the Research**4. Findings****4.1. Disharmony of CSR Arrangements in some Regional Regulations**

Indonesia has 34 provinces and 514 districts/cities. Since the existence of CSR obligations through legislation at the central level, there are 11 (32.3%) of the province and 37 (7.2%) of the District regulations that regulate CSR in the regional level, means that there are still few areas that have regulations on CSR. From all of the policy on CSR in a local level that refers to the various CSR policies the central government, such as:

1. Law no. 25 The year 2007 regarding Investment,
2. Law no. 19 of 2003 on State-Owned Enterprises
3. Law no. 40 The year 2007 regarding Limited Liability Company,
4. Law no. 11 The year 2009 on Social Welfare,
5. Law no. 13 the Year 2011 on the Handling of Poor,
6. Government Regulation no. 39 of 2012 on the Implementation of Social Welfare,
7. Government Regulation no. 47 of 2012 on Social and Environmental Responsibility,
8. Minister of State-Owned Enterprises decree No. 4 of 2007 on Procedures for the Implementation of Corporate Social Responsibility,
9. Minister of Social Affairs Decree No. 50 / HUK / 2005 on Guidelines for Implementation of Cross-Sectoral and Business Cooperation.
10. Regulation of the Minister of Social Affairs No. 13 of 2012 on the Forum of Social Responsibility of Business World in the Implementation of Social Welfare.

But not all regions use references with the same legal interpretation. For example, the Title of the Regulations, some of the regulation uses the term of CSR according to Investment Act of 2007, some of regulation are using the word of

CSR and Environment refers to the LLC act of 2007. Similarly, who is obliged to implement CSR, some regulation give mandate to all of the company to perform CSR refers to the Investment Act of 2007, some are just LLC company, based LLC act of 2007, and some regulation also mention the State-Owned Enterprises minister to implement CSR refers to State-Owned Enterprises Act 2003 (Mukti et al., 2016).

The differences in these regulations is not a matter of law, as long as it does not contradict the higher Law. Because the legal system is a hierarchical rule (hierarchy) in which lower legal norms must hold on to higher legal norms.

But these differences cause disharmony between the regulations of CSR in the local regulations. And as a problem to the company who want to implement the CSR. Moreover, if the provincial regulation is not in accordance with the regulations in the district. Like the Regency, Cirebon referring with law No. 14 of 2012, regulates about the sources of CSR funds should be budgeted by the company. While in the Klaten districts, regulates the CSR funds from profits through the law No. 9 of 2014. While the Provincial Regulation of Central Java No. 2 of 2017 did not regulate it. These two regencies must adapt to the Provincial Regulation.

Regional regulations referring to the Enterprise will regulate on CSR budgeting. While relating to the Law of SOEs set the CSR of some of the profits. Meanwhile, when referring to the SOE Act that regulates the CSR budget is derived from some of its profits. While the Regional Regulations that refer to Investment Law does not regulate it, the diversity of referrals creates a difference of settings, but they are all legal and applicable

If it refers to Reflexive Law Theory, then the obligation of CSR is a legal duty that the implementation is under the control of each company. Both the financing and its CSR work program. Let the company decide on its own.

Furthermore, when viewed from the content format of CSR local regulations studied, compiled with almost the same content, including: (1). Scope of regulation; (2) Executing Company; (3). CSR Work Program; (4) The mechanism and procedure implementation of CSR; (5). Location and Community objectives; (6). Source of CSR funds;

(7). Institutional; (8). Evaluation and Reporting; (9). Facilities and awards, and; (10). Sanctions. Of these provisions, which are often the setting difference is

. Statistically can be seen below.

Table 2. Corporate Implementing CSR

Rules	Implementing Company		
	Company PT (Legal Entity)	All Companies	Other Companies
Provincial Regulation	50%	21.5%	28.5%
District Regulation	43.75%	42.1%	14.15%

The above data shows that most of the regions, both provinces and districts, only provide CSR obligations to legal entities, which in practice, are meant only large companies. This arrangement varies because the legal references are not the same. According to UUPT 2007 (LLC 2007), CSR is compulsory for the Company engaged in natural resources only, so not all companies must implement. Meanwhile, according to Investment Law 2007 that all companies must implement CSR.

This regulatory model was chosen because the local government expects the participation of

about four things: *First*, companies are obliged to implement

large corporations in building the community. And permit small companies not to implement CSR.

Second, From the regional regulations can be exposed figures on CSR program activities as follows.

Table 3. CSR Activities

Rules	CSR Activities		
	Social Assistance	Community empowerment	Business Assistance
Provincial Regulation	100%	-	-
District Regulation	81%	10.8%	8.1%

In implementing the CSR program, of course, many models of CSR activities that can be applied. The high model of social assistance as a form of CSR activities, because local governments interpreted that CSR as an effort to overcome social problems that refer to the Social Welfare Act. In the law partially states that CSR is used for social assistance such as social rehabilitation, social security; social empowerment; and social protection. According to respondents of business actors. According to the respondent businesses, this arrangement often limits the diversity of other CSR activities. Ideally, corporate social responsibility is a form of activity tailored to the time, place, problem

and partners faced by each company. That is, legislation is not an adequate instrument for this and can be counter-productive because of the responsibilities and initiatives were taken from the company. The point is not about the form of activities that are organized but, on the outcome, that CSR can provide benefits for the society (Oisina, 2016).

Third, from a government perspective, that CSR activities are related to the financial support of the company as a source of funds. From the local regulations that have been studied, the source category of funds comes from budget, profit, or unspecified

Table 4. Sources of CSR funds

Rules	Sources of CSR funds		
	Advantages	Budget	Not specified
Provincial Regulation	36.8%	47.3%	15.7%
District Regulation	42.2%	57.7%	-

In the statistic can be seen that local governments direct the company to budget CSR funds in its operations on the basis of UUPT. From the interview, it seems that the Government wants a certainty with the company to include CSR activities in its budget year. The local government hopes to capitalize on the company's CSR funds as a fund to support regional development. While the funds from the profit referred to the Law on State-owned

Enterprises, this model is more agreed by business actors, because the business logic, they will assist if the company has profit.

Fourth, institutions that manage the implementation of CSR in the region are also a contentious topic. From the data can be seen that there is a diversity of institutions that manage CSR in the region

Table 5. CSR Managing Agency

Rules	institutions business		
	CSR Forum	Government institution	Other institutions
Provincial regulations	81.8%	-	18.2 %
District Regulation	65.5%	10.2 %	24.3%

Many companies argue that CSR is a private sector activity, so it is not a government area to manage. On the other hand, the government with the basis of authority in its territory, it is entitled to take care. Thus, CSR forums appear as the most widely used institutional model. The forum is *comprised* of government, corporate and community elements. While in some areas of CSR is managed by Social Services based on the Social Welfare Act.

The four issues of regulated provisions. Showing diversity. So that the arrangement of CSR both at the provincial level and the district level is not harmonious although the legal system is not wrong because the references of each regulation are different. Until today there has been no revision, lawsuit or judicial review conducted by each region to the uniform. The diversity is allowed because each region has different interests in the management of CSR.

4.2. The Explanation of Government and Company Response to the Regulation of CSR in the Region

The reason why the government should regulate CSR because this motivation is not only related to government programs to support sustainable development and environmental protection, but also related to the distribution of company resources for general purpose (non-business).

This is similar to the opinion of Central Java Provincial Governor Ganjar Pranowo who said: *the development in Central Java is not only done through government programs alone but also must be supported by the business through CSR program. Therefore, the right policy is needed so that the CSR program can be optimally in accordance with the*

government's work program (Pranowo: 2015). This opinion is also written in the Central Java Provincial Regulation No. 2 of 2017 on Corporate Social and Environmental Responsibility letter a: *that Corporate Social Responsibility and Environment are potentials and resources in regional development in Central Java Province.*

The need for this arrangement because in reality in Central Java is still challenging to invite the role of the business world in synergize with government programs. Because there are no rules from which can be used for the government to direct the business world to do CSR (Interview with Ms. Heny, Head of Social Empowerment Division Social Service of Central Java, June 11, 2015). Similarly, the Special Region of the Province of Yogyakarta. Through their Local Regulation, CSR is needed to synergize with government programs, not only in the social field only, but more multi sectors especially related to education, empowerment, and UMKM, environment and disaster. (Interview with Istiqomah, Capacity Building Sector, Economic Section of Local Government of DIY, June 3, 2015).

The opinion of the two provincial governments above can be understood because the potential of CSR is quite significant. When CSR is categorized as a legal obligation, it will generate public expectations (including the government). According to the General Chairman of Social Welfare, CSR Forum La Tofi said the allocation of CSR funds in 2012 reached 10 trillion Rupiah. This certainly motivates the regions to utilize CSR to support regional development by regulating it in local regulations.

The results of the observation show that four problems occur if a CSR program is done individually without regulation, namely: (1). Less targeted; (2). There was a buildup of goals; (3). Less comprehensive program implementation; (4). Did not find the ideal target group. The company takes an easy and practical attitude. Implementing CSR in the communities surrounding the company operates with the desired program of the local community which sometimes also does not have a long-term impact.

Can be seen from several CSR programs conducted by companies in Yogyakarta and Central Java. Luci, General Manager Natasha LLC stating that: "Since we stand up to now there are no rules

about the details of the implementation of CSR from the government of DIY that can be used as a reference, so the CSR program in our company is still tentative and routine with the motive of social assistance from the company only and no more than that". (Interview May 23, 2015). It can be seen program of CSR program that has been done by PT Natasha, like (1) breaking fast with orphanage child; (2) Sharing the love of sacrificial animals at the nearest mosque; (3) Natasha carousel cervical cancer patients with free pap smear; (4) Helping the victims of Mount Merapi disaster and others (Source: Database CSR PT Natasha)

So also, with PT Margaria Group in doing TJSP / CSR. Their CSR programs are more on social activities that are the company's social responsibility to the surrounding community. (Interview with Arif, and Nina Elsdwastand, Director and General manager Margaria Group, May 28, 2015, at 1 pm). Some CSR activities by PT margaria Group named "Because We Care" are as follows: (1) Provide financial support for economic empowerment, such as: herbal medicine workers carrying, domestic / household economic actors; (2) Support books and library support equipment; (3) school fees and more (Source PT Margaria)

Business actors agree that the government regulates CSR in the form of Local Regulation and Governor Regulation. Because the arrangement can provide direction and reference in doing CSR. As Isabel Dreveborn research results, Azin Taheri, Linnea Theilkemeier (2010), also mentioned that the majority of companies want the setting as a guide for the implementation of CSR.

Local policy on CSR in Central Java, according to business actors will not burden the company, because now the company has done CSR routine and has become part of the company's strategy. This regulation is sufficiently supported by business actors, at least providing legal certainty and promotional support. This is very influential on the company's operations, rather than follow the rule of law alone. According to, one of the functions of CSR is to boost corporate image. A positive image is generated by paying attention to the community is a promotional strategy. Oisina (2016) mentioned that the rewards that can be obtained through CSR are: credibility and trust from stakeholders.

But for PT. Export-oriented Karindo does not affect domestic brands; they are more utilizing CSR implementation as their operational sustainability in Indonesia. Therefore, their CSR target is the surrounding community or called by the location of Ring 1, 2 and 3. This is a priority so that

the community around the company is happy and does not interfere with the business operational nets. In implementing CSR, they always use some of the profits. However, they do not want to be regulated by the provision of the number of funds to be channeled. Because the company in doing CSR it has been measured and adapted to the environment first.

Also, they expect a reward for companies that implement CSR. For domestic-oriented companies, expect the government's facilitation and promotion in the form of awards, this is very meaningful for the marketing aspect of their products. As for export-oriented companies, for those who are essential can facilitate facilities related to export procedures as well as customs and ports incentives. (*Interview with Mr. Rio, the vice of leader PT. Karindo, June 11, 2011*).

5. Conclusions

From all of the CSR Perda analyzed showed several different arrangements. The difference in the legal system can still be justified, as long as not contradictory. It's just a matter of technical implementation for the company due to the different guidelines. But so far there is no lawsuit from business actors because of differences in the rules. Companies are trying to adjust to the rules in which they operate.

The government expects CSR programs conducted by companies to support government programs in addressing social issues. Through CSR regulation in the regions, the government can use the company's support to overcome social problems in its region. Meanwhile, in the opinion of the company setting the CSR is enough to provide guidelines so that there is expected legal certainty and optimal results. Although the arrangement is too detailed can inhibit CSR program itself, which has been arranged by each company itself based on the situation and conditions encountered.

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