

## **THE CONVERGENCE AND DIVERSITY OF CSR NEED TO BE STANDARDIZED AS MANDATORY IN INDONESIA**

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### **ABSTRACT**

When tracing the understanding of CSR in its journey to meet human needs, the understanding up to now is, how humans have various forms of responsibility that are no limit in terms of morals and ethics to all stakeholders that are closely related to sustainable development. The understanding that must be realized by CSR actors is that the importance of sustainable development is a joint responsibility which carrying the development and growth needed by humans. When entering 100 years old, Indonesia will get a demographic bonus that is 70% of Indonesia's population in productive age (15-64 years), while the remaining 30% is unproductive population (under 14 years of age and over 65 years) at period 2020-2045, which mean need more job allocation. Then how the article entitled: THE CONVERGENCE AND DIVERSITY OF CSR NEED TO BE STANDARDIZED AS MANDATORY IN INDONESIA can meet the objectives of the Republic of Indonesia that clearly stated in the preamble of the 1945 Constitution in paragraph four.

Keywords: Education, Culture, 4 pilars of nationality, Law enforcement, ISO 26.000.

## INTRODUCTION

Corporate Social Responsibility is a legislation program that has a strong urgency in order to provide a stronger legal basis for the implementation of Corporate Social Responsibility. From the operational side, Corporate Social Responsibility is expected to optimize the implementation of programs and synergy between stakeholders so that the objectives and benefits obtained are truly able to improve the welfare of the community.

With regard to corporate social responsibility, basically every business actor (corporation) has a social responsibility (social responsibility, which includes environmental responsibility) in conducting business. This is because, in addition to being a business institution, corporations also cannot be separated from their existence as social entities (corporate citizenship) that influence and are influenced by the surrounding environment. Therefore, the existence of a corporation should provide general benefits, especially for the surrounding community where the corporation carries out its business activities. The form to manifest its concern for the community and the company environment is by implementing Corporate Social Responsibility.

The emergence of the idea of corporate social responsibility departs from world concerns in the 1950s where poverty and environmental damage were widespread worldwide. In 1966, Lester Thurow wrote "The Future Capitalism" which emphasized the existence of accountability in the capitalism system in which corporations were not merely incentivized by stimulating economic profits in doing business but needed to pay attention to social aspects.

Bowen (1953) was the first person who tried to formulate the meaning of CSR in his book *Social Responsibilities of the Businessman* (1953), so Bowen was dubbed the Father of Corporate Social Responsibility.

ISO 26000 mentions seven main subjects of CSR, namely organizational governance, human rights, labor practices, fair business practices, consumer issues, the environment, as well as community involvement and development.

The development of CSR implementation in Indonesia can be marked by many companies implementing CSR. More and more companies are implementing CSR both in the form of charity, as well as empowerment. At least it can be seen from the intense publication related to the implementation of CSR in print and electronic media. The development of CSR in Indonesia can be seen from the various efforts of the Provincial, Regency and City Governments to issue laws and regulations relating to the implementation of CSR in the relevant Province, Regency and City areas.

Current development paradigms and strategic issues of sustainable development, among others, are the active role of the community and the involvement of financing by the community and the business world through CSR programs or the Partnership and Community Development Program (PKBL). The principle is that TJSL is an effort to improve the quality of life of various components in the community (stakeholders) related to the development activities carried out and the commitment to preserve the environment and empower the community so that it can guarantee sustainability and maximum benefits for the entire community as echoed by Philosopher Jeremy Bentham on the theory of Utilitarianism, "The Greatest Happiness of the greatest number."

This principle is in line with the spirit of Pancasila values, namely the fifth principle, social justice for all Indonesian people. Strictly speaking, the basic principle is seen in the opening of the 1945 Constitution in the fourth paragraph which reads "protecting all blood spilled in the opening of the 1945 Constitution, particularly those relating to the fourth paragraph containing the objectives of independence and the formation of the state, namely forming an Indonesian Government protect all the people of Indonesia and all Indonesian blood and to promote public welfare, educate the nation's life, and participate in carrying out world order based on freedom, eternal peace and social justice.

In addition to the preamble, the norms in the body of the 1945 Constitution regulate the rights of citizens in line with the values of CSR. Among them is Article 28H which guarantees the rights of every citizen living physically and mentally, living, getting a good and healthy environment and entitled to obtain health services. Article 28C paragraph (2) also guarantees the right of every citizen to advance himself in fighting for his collective right to develop society, nation and state. The economic development model based on the provisions of Article 33 paragraph (1) of the 1945 Constitution outlines that "The economy is structured as a joint effort based on the principle of kinship". Furthermore, in paragraph (4) it is stated, "The national economy is organized based on economic democracy with the principles of togetherness, equitable efficiency, sustainable, environmentally friendly, independent, and by maintaining a balance of progress and national economic unity". These democratic principles are in line with the values of CSR which are also

oriented towards environmental preservation, community empowerment and sustainable development. In the provisions concerning social welfare, the provisions of Article 34 paragraph (1) and paragraph (2) of the state bear the citizens who are poor and neglected by developing a social security system and empowering people who are weak and unable to comply with human dignity.

There are at least twelve companies' laws and a lot more CSR regulations issued by each provinces, city and district. And because everybody give a different interpretation so that the implementation of CSR cannot be maximized and instead becomes an arena of corruption.

Indonesia since the 19th century experienced various shocks that began with globalization, the Industrial Revolution 4.0 and which is experienced now about covid-19. The impact of all of them puts very heavy pressure on all fields of business until many companies are closed, from large to medium-sized companies, every day can be read about the layoffs of labor, many companies will only be able survive to the next 2-3 months and finally, jobless peoples going booming again, the people it will be difficult to meet daily needs which will result in people starving. In July 1998, the rupiah continued to decline, US \$ 1 equivalent to Rp 14,150. The monetary crisis or financial crisis in Indonesia occurred because of the 1997-1998 Asian financial crisis. Rupiah inflation and a large increase in food prices have caused chaos in Indonesia.

On March 27, 2020, for the first time in the last 22 years or since the 1998 crisis, the rupiah had touched Rp. 16,575 per US dollar. That level is only 75 points away to the lowest level of rupiah in history.

Several factors cause; economic, cultural, biological, and psychological factors. Impact of social problems will occurs; juvenile delinquency, poverty, unemployment, etc. The impact; group divisions, deviant behavior, and increased crime. Social Problems are the difference between expectations and reality or as a gap between the existing situation and the situation that should be. Social problems are seen by some people in society as an unexpected condition. A social problem is a discrepancy between elements of culture or society, which endangers the lives of social groups. If there is a clash between the elements that can cause disruption of social relations such as shakiness in the life of a group or community.

It has been noted that there have been 6 world companies (Chevrolet, Ford, Nissan, Panasonic, Toshiba, Pepsi) that have left Indonesia. The business sector that is involved is also quite diverse. There are from the automotive sector, soft drinks and also electronics. The high level of sales competition and the high price of raw materials, licensing issues and the high cost of stealth costs, are thought to be one of the causes of the cessation of operations of these companies.

Business people say that the durability of their business is getting worse from the corona pandemic. Some have already been laid off in March, some have survived only until April by stopping production, even at most only in June 2020. Chairman of the Indonesian Employers' Association (Apindo) Hariyadi Sukamdani, said that almost all sectors were affected by Covid-19. In the field of tourism, 698 hotels have been closed, regional transportation operating only 10% to the manufacturing industry that is experiencing cash flow difficulties or even a minus because production is not optimal even stop. Apindo also mentioned that the industry's resilience is projected only until June 2020. Hariyadi said the situation was getting worse because of co-19.

At present the social problems that is starting to hit Indonesia will turn into an economic crisis, namely the paralysis of economic activity because more companies are closing down and an increasing number of unemployed workers. Indeed this crisis was not entirely caused by the disaster, because partly exacerbated by various national calamities that came in a barrage amid economic difficulties such as rice crop failures in many places due to the long dry season, pests, massive forest fires, and the peak of the nation hunger crisis and corona virus outbreak (covid-19) will occur in mid of 2020. Most companies can't survive more than mid of 2020.

State problems such as the above incident cannot only be solved by the state but require the parties to work together to solve them, especially the entrepreneur supporting which is very important. State security is the obligation of the state to protect its citizens from any danger that will threaten national security.

However, that does not mean citizens do nothing in terms of mutual security. In Article 30 paragraph 1 of the 1945 Constitution reads: Every citizen has the right and duty to participate in the country's defense and security efforts. The

citizen especially in the companies as stated in the Government Regulation on Corporate Social and Environmental Responsibility (TJSL) as mandated in Article 74 paragraph (4) of Law Number 40 Year 2007 concerning Limited Liability Companies. These crucial issues are (a) the scope or scope of the company that is required to implement CSR (TJSL) (b) synchronization and harmonization of laws and regulations that govern the substance of CSR (TJSL) (c) legal sanctions for companies that do not implement CSR (TJSL), and (d) the relationship between and The Partnership and Community Development Program specifically applies to companies in the form of SOEs.

## FINDINGS

- The biggest mistake in the lifestyle. Today's people claim of Human rights, freedom, liberalism.
- Indonesia does not yet have a Standard Guide on the Implementation of Mandatory CSR Policies, although the policy has been implemented since 2007 through Law No.40 / 2007 concerning Limited Liability Companies.
- There are at least twelve laws and a lot of local government regulations governing CSR.
- The culture of corruption leads to huge pressure for companies as a tool of social extortion, because of the CSR.
- The next generation of Indonesian people who have left the ideology of the Pancasila state, the principle of togetherness, the principle of mutual cooperation and the principle of kinship.
- The next generation of Indonesia who adheres more to the principles of capitalist, liberalist and individualist. Life follows the consumptive nature.
- Law enforcement yang masih bersifat tebang pilih, tajam kebawah dan tumpul keatas.
- Limitations of professional, moral personnel who can carry out tasks in planning, utilization, control, maintenance, supervision and law enforcement that are in line with the dreams of the Indonesian people as a whole.
- In the country of heaven on earth with abundant natural resources hiding groups of Indonesian people who do not stop destroying it.

## CONCLUSION

- The experience of the crisis in 1998 provided experience for all Indonesian people due to starvation which caused chaos and now all over Indonesia can be seen by both the authorities, business people, organizations, non-governmental organizations, places of worship, members of the community, together to jointly provide food to the people who affected by the industrial revolution 4.0 and co-19 with CSR funds.
- At this time it is felt and proven that CSR funds are truly useful and appropriate to assist critical conditions without having to wait for funds from the government, entrepreneurs can immediately provide solutions in the field of need.
- CSR funds are recommended to be standardized with the following criteria:
  1. CSR funds are set aside from profits and managed by entrepreneurs;
  2. The company must appoint a CSR director;
  3. The government as a supervisor together with academics by creating a CSR project project table.
  4. CSR funds are determined to be a maximum of 1% of net profit last year.
  5. CSR activities are reported to the tax office as costs that can be budgeted as expenses.
  6. CSR funds which are not used continue to be allocated as CSR funds.
  7. The Tax Office is required to audit CSR activities that have been mandated in accordance with applicable company law.
  8. If a company that has net profit, consecutively within two years does not hold CSR activities, then the CSR funds will be used in projects designated by the government together with academics and entrepreneurs.
- The revolution and convergence of information technology needs to be approached and discussed through the approach of legal theory, legislation and regulation so that the objectives of the information society in Indonesia can be achieved based on Pancasila.
- Character education has an important role to advance human civilization. The purpose of the core character education is twofold, namely to make students into smart people as well as good people. If these goals can be achieved, human civilization will tend to be more advanced than before. Conversely, if the two or one of these goals are set aside, what happens is the destruction of the nation's civilization. and today the Indonesian nation is entangled in capitalist, liberalist and individualist conditions, far from civilizations based on kinship, mutual cooperation and togetherness, which are contained in Pancasila and the 1945 Constitution.
- Companies have the strength to minimize the possibilities of hunger but need the support of the good and clean government.
- The law-enforcement that supported by the customary leaders and the others stakeholders hand by hand (gotong royong), will give a good sustainable result.

- The diversity of csr law applications that spread due to the interests of the authorities must be immediately stopped by the implementation of CSR standardization in Indonesia.
- The convergence and diversity of CSR need to be standardized as mandatory due to 3P (Planet, People, Profit) process of sustainable development in Indonesia.
- The problem in Indonesia, which consists of ethnic and cultural diversity and lives on the principle of "unity in diversity", can only be resolved by custom and law enforcement.

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