



**LEGAL CERTAINTY REGARDING REGULATIONS CONCERNING CORPORATE
SOCIAL RESPONSIBILITY IN INDONESIA
(STUDY OF LAW NUMBER 40 OF 2007 CONCERNING LIMITED LIABILITY
COMPANIES AND LAW NUMBER 25 OF 2007 CONCERNING
CAPITAL INVESTMENT)**

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Abstract

Corporate Social Responsibility obligations for companies as outlined in Law Number 40 of 2007 concerning Limited Liability Companies and Law Number 25 of 2007 concerning Capital Investment create ambiguity due to differences in definitions and terminology used by the Law. The problems in this research are (1) What is the legal ratio for corporate social and environmental responsibility for companies according to the provisions of Law Number 40 of 2007 concerning Limited Liability Companies, (2) What are the implications that arise regarding regulations regarding Corporate Social Responsibility in Indonesia. This research uses a normative juridical research method with a conceptual approach and a statutory approach. Data collection techniques were carried out by means of literature study. The results of the research state that (1) Ratio Legis according to the Limited Liability Company Law is a philosophical basis, corporate social responsibility is a concrete form of effort to provide welfare to society. The sociological basis of the Company is a capital company established on the basis of a commercial performance agreement (2) CSR regulations are unclear and overlap with other related laws and regulations. Not all companies related to natural resources have implemented social and environmental responsibility, because there is still a perception that sharing social responsibility is not mandatory and there is a lack of good government control and strict sanctions to enforce it.

Keywords: *Corporate Social Responsibility, Social Responsibility, Limited Liability Company*

1. INTRODUCTION

Corporate social responsibility (CSR) is a social responsibility to society and the environment beyond economic responsibility, or a company's commitment to contribute to sustainable economic development by paying attention to corporate responsibilities and emphasizing a balance between concern for economic, social and environmental aspects." In other words, corporate social responsibility exists because the idea is that a company is an industry that carries out business activities within the community, and is obliged to participate and be responsible if problems occur that are caused by the company's activities in the surrounding community. "The basis of the view of corporate social responsibility comes from moral values, if the company lives in the midst of community life." So the principle of responsibility is a principle that is a logical consequence of the existence of a company. Both accountability within the company and outside the company.

Regulations regarding corporate social responsibility in Indonesia are regulated in Article 1 number 3 of Law Number 40 of 2007 concerning Limited Liability Companies, hereinafter referred to as UUPT, namely: "Social and environmental responsibility is the company's commitment to participate in sustainable economic development in order to improve the quality of life and beneficial environment, both for the company itself, the local community and society in general." In general, corporate social responsibility is voluntary. However, since the enactment of Law Number 40 of 2007 concerning Limited Liability Companies and Law Number 25 of 2007

concerning Capital Investment, corporate social responsibility has become mandatory. However, the commitment and awareness of each company is definitely different and depends on the policies of each company.

Corporate social responsibility or CSR is something that is often ignored by companies. Meanwhile, the establishment of a company must at least mutually benefit the company and the community near the company. However, in practice, the implementation of CSR by companies is not optimal because existing laws and regulations still do not regulate CSR issues in detail and clearly, especially on CSR issues that intersect with regional interests and social responsibility to the community. Corporate social responsibility obligations as referred to in Law Number 40 of 2007 concerning Limited Liability Companies and Law Number 25 of 2007 concerning Capital Investment create ambiguity due to differences in definitions and terminology used by the Law. In Law Number 25 of 2007 concerning Investment, Article 15 letter b states that "Every investor is obliged to: (b) carry out corporate social responsibility." Meanwhile in Law Number 40 of 2007 concerning Limited Liability Companies the term "social and environmental responsibility" is used, apart from that, Law Number 25 of 2007 concerning Capital Investment uses the words "inherent responsibility" while in Law Number 40 of 2007 concerning Limited Liability Companies uses the words "company commitment". These two terms cannot be interpreted the same way.

However, if we look at the objectives of the CSR obligations in the two laws, there are also differences, namely that in the Limited Liability Company Law the objective of these obligations is to improve the quality of life of the community. Meanwhile, the Company Investment Law is about creating harmonious relationships. On the other hand, the Investment Law does not limit the form of company and the scope of its activities, while the Limited Liability Company Law only regulates the form of special limited liability companies that operate physically in natural resources and related industries. As intended in Article 74 paragraph (1), namely: "Companies that carry out business activities in this field and/or related to natural resources are required to have a social and environmental perspective. This provision raises several problems, namely:

- (a) discrimination for Limited Liability Companies and
- (b) discrimination is only for companies operating in the resource and/or related sectors only.

Furthermore, limited liability companies that do not carry out activities in this field are deemed not to be burdened with CSR obligations. Furthermore, if CSR is only understood in a limited way, in the form of providing a portion of wealth to the community, as regulated in Article 74 paragraph (2) of the Company Law, namely: "Social and Environmental Responsibility as referred to in paragraph (1) is the Company's obligation which is budgeted and taken into account. as company costs, the implementation of which is carried out by taking into account propriety and fairness." Corporate social responsibility as a form of obligation to channel wealth is considered to violate the private property rights of corporations. This is because companies as private institutions have property rights that are fully protected by law. Private property rights must be fully guaranteed by state law as something sacred (the sacred right of private property).

2. IMPLEMENTATION METHOD

This research includes normative juridical research, namely legal research on primary legal materials and secondary legal materials based on logical and coherent thinking by examining applicable laws and regulations that are related to the issues discussed. The approaches used in this



normative research are the statutory approach and the conceptual approach. The technique for searching legal materials is by collecting primary, secondary and tertiary legal materials obtained from various sources and related literature in this research. The legal material analysis technique used is analytical prescriptive.

3. RESULTS AND DISCUSSION

3.1 Legal Ratio The existence of corporate social and environmental responsibility for companies according to the provisions of Law Number 40 of 2007 concerning Limited Liability Companies

The rationale for regulating social and environmental responsibility in Law Number 40 of 2007 concerning Limited Liability Companies is to achieve sustainable economic development in order to improve the quality of life and the environment, providing benefits to the company itself and local communities, localities and society in general. This regulation is intended to support the establishment of corporate relationships that are harmonious, balanced and in accordance with the environment, values, norms and culture of the local community, so it is determined that companies whose business activities are in the field and/or related to natural resources are obliged to carry out Social and Environmental Responsibility.

With this obligation, the implementation of CSR or social and environmental responsibility is budgeted and calculated as company costs, the implementation of which is carried out in good faith and paying attention to propriety and fairness. Companies that do not carry out their social and environmental responsibility obligations will be subject to sanctions in accordance with the provisions of the relevant laws and regulations. Social and environmental responsibility provisions in company law are inadequate because they do not provide sanctions against companies that do not want to comply with their social and environmental responsibility obligations. The UUPT states that other provisions related to social and environmental responsibility are regulated by government regulations. Regarding sanctions for companies that do not fulfill their social and environmental responsibility obligations, they will be regulated in Government Regulations, while the Government Regulations regulate sanctions for companies that do not fulfill their social and environmental responsibility obligations. not yet issued by the government.

Ratio legis in matters of social responsibility, if a problem arises it is returned to legal principles to find a solution. Because basically principles are the broadest possible basis for the emergence of legal regulations. Before becoming a legal norm, a law takes the form of a principle, which is used as a measure and basis for forming regulations. Therefore, this principle is contained in statutory regulations before birth and when problems are encountered. In studying ratio legis in the formation of legal regulations, legal principles can be used and seen from the creation/design and preparation of these regulations.

The attachment to the explanation of Law Number 12 of 2011 concerning the Formation of Laws is interpreted to determine the legal requirements or legal provisions that regulate the content or contents of the provisions of statutory regulations, in this case regional regulations can be seen from the drafting materials, namely the basis of philosophical considerations, juridical, and sociological. Apart from that, it is also to find out about the preparation of technical policy guidelines and implementation instructions for harmonizing, rounding out and strengthening the conception of draft legislative regulations as standard conceptions, procedures and techniques for preparing and designing good legislative regulations which can be viewed from these three aspects, namely philosophical, juridical, and sociological:

1. Basic Philosophical Considerations

Philosophical considerations in drafting regulations related to corporate social and environmental responsibility must be based on a view of life, awareness and legal ideals including the spiritual atmosphere as well as the philosophy of the Indonesian nation which originates from Pancasila and the 1945 Constitution of the Republic of Indonesia. Corporate Social Responsibility (TJSP) is based on the 1945 Constitution of the Republic of Indonesia concerning National Economy and Social Protection which is contained in Article 33 as follows:

- 1) The economy is structured as a joint venture based on the principle of kinship.
- 2) Production branches that are important for the state and that affect the lives of many people are controlled by the state.
- 3) The land and water and the natural resources contained therein are controlled by the state and used for the greatest prosperity of the people.
- 4) The national economy is organized based on economic democracy with the principles of togetherness, efficiency, justice, sustainability, environmental insight, independence, and by maintaining a balance of progress and national economic unity.
- 5) Further provisions regarding the implementation of this article are regulated in law.

The connection between the above article and TJSP is that companies as actors in economic activities have a very important role in national life. Its influence is very broad and affects almost all social and state life. The economy created by a company has the impact of increasing science and technology, which leads to modernization and development, so to achieve national development cooperation between society and government is needed. The community as the main actor in economic development and the government as the management institution have an obligation to develop the community so that the stages of economic implementation can be harmonized in a unified approach towards achieving national development.

Achieving sustainable development in the economic, social and environmental business sectors is corporate social responsibility (TJSP). TJSP is a form of business commitment to building a better quality of life with stakeholders, especially responsibility towards the surrounding community where the company is located. The role of CSR is increasingly important in encouraging the extent of corporate social responsibility for the creation of balanced economic, social and environmental development.

2. Basic Sociological Considerations

Sociological views regarding the applicability of statutory regulations tend to prioritize an empirical approach by prioritizing several choices of criteria, namely:

- a) The recognition criteria (recognition theory) concerns the extent to which the legal subject being regulated actually recognizes its existence and binding force as well as its obligation to submit itself to the legal norms in question. If the legal subject in question does not feel bound, then sociologically the legal norms in question cannot be said to apply to him.
- b) The legal facticity criterion emphasizes the extent to which the legal norms themselves are truly effective in the real life of society. Even though a formal legal norm is valid, recognized and accepted by society as something that exists and is valid, in practice it is completely ineffective, meaning that in fact the legal norm that doesn't apply. Therefore, a new legal norm can apply according to one of these criteria.



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3. Basic Juridical Considerations

Juridical validity is the validity of a legal norm with its binding force for the public as a dogma seen from technical juridical considerations such as:

- a. established as legal norms based on superior or higher legal norms,
- b. determined to be binding or valid because it shows a necessary relationship between a condition and its consequences,
- c. determined as a legal norm according to the applicable legal formation procedures,
- d. established as a legal norm by an institution that has the authority to do so.
- e. If these four criteria have been fulfilled as they should be, then the legal norm in question can be said to be valid juridically, both from a formal perspective by giving certain agencies the authority to make certain regulations and from a material perspective as a legal basis for regulating certain matters.

The orientation of CSR/Corporate Social Responsibility legal regulations is carried out with the aim of providing legal certainty and protection for the implementation of corporate social responsibility programs with the following objectives:

- a. the realization of clear boundaries regarding social and environmental responsibility;
- b. fulfillment of corporate social responsibility in accordance with applicable laws and regulations;
- c. the realization of legal certainty and protection for business actors in implementing corporate social responsibility;
- d. protect companies from illegal levies carried out by unauthorized parties;
- e. minimizing the negative impact of the company's existence and optimizing the positive impact of the company's existence; And
- f. The program provides appreciation and appreciation to the business world that has carried out Corporate Social Responsibility.

The philosophical basis for regulating corporate social responsibility is the application of Pancasila values, especially the second, fourth and fifth principles in business operations. In the Pancasila economic system, the goal of business is to serve the economic interests of all groups involved in business, both inside and outside the business environment, both those who influence and those affected by the company, who are called stakeholders, namely : capital owners, employees, customers, society and the environment, and the government. The Pancasila values in companies that carry out corporate social responsibility are not just profit, but also the triple bottom line: profit, people and planet. Companies are no longer based on shareholder theory but on stakeholder theory. Sociological grounds assess that the existence of companies has not brought many benefits to the surrounding community. The negative impacts caused by companies are felt by society, both socially and environmentally. This fact is the main factor or at least the cause of

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conflict between society, the business world and the government, as is currently happening in many communities. Therefore, it is necessary to organize a corporate social responsibility program so that the existence of a business can provide benefits not only to society and other stakeholders but also to the business itself.

Article 33 of the 1945 Constitution of the Unitary State of the Republic of Indonesia is the basis for the Indonesian economic system. Based on the provisions of Article 33 paragraph (1) of the 1945 Constitution of the Unitary State of the Republic of Indonesia, "The economy is structured as a joint venture based on the principle of kinship". Article 33 paragraph (4) of the 1945 Constitution of the Unitary State of the Republic of Indonesia, states: "The national economy is organized based on the principles of economic democracy with togetherness, fair efficiency, sustainability, environmental insight, independence, and by maintaining a balance of progress and national economic unity". Article 33 of the 1945 Constitution of the Unitary State of the Republic of Indonesia is the constitutional basis for Law no. 19 of 2003 concerning State-Owned Enterprises, Law no. 25 of 2007 concerning Capital Investment, Law no. 40 of 2007 concerning Limited Liability Companies, and Law no. 4 of 2009 concerning Mineral and Coal Mining.

These four laws require companies to carry out corporate social responsibility. Among these laws, only Law no. 25 of 2007 concerning Capital Investment which uses the term "business entity". UU no. 40 of 2007 concerning Limited Liability Companies, requires social responsibility for companies that carry out business activities in the field and/or related to natural resources. Meanwhile Law no. 4 of 2009 concerning Mineral and Coal Mining uses the term business entity, but what is meant is a legal entity operating in the mining sector which is established based on Indonesian law and is domiciled within the territory of the Unitary State of the Republic of Indonesia.

In Law no. 19 of 2003 concerning State-Owned Enterprises does not explicitly regulate corporate social responsibility, Article 88 paragraph (1) only regulates profit set aside for the purposes of developing small businesses/cooperatives and developing communities around BUMN. Regulation of the Minister of BUMN number PER-05/MBU/2007 concerning the Partnership Program for State-Owned Enterprises with Small Businesses and the Environmental Development Program more fully explains the technical implementation of corporate social responsibility which must be carried out by all BUMN, whether in the form of Perum, Company or Public Company. Different from the concept of social and environmental responsibility in Law no. 40 of 2007 concerning Limited Liability Companies which requires companies that carry out business activities in the field/or related to natural resources to carry out Social and Environmental Responsibility. Based on the PT UUPT, the Partnership and Environmental Development Program does not include corporate social responsibility, because social and environmental responsibility is a Company obligation which is budgeted for and calculated as Company costs, the implementation of which is carried out with due regard to propriety and fairness. Meanwhile in BUMN, the funds used to implement the Partnership and Community Development Program are profit allowances.

Corporate social responsibility in Law no. 25 of 2007 concerning Capital Investment, is defined as the responsibility inherent in every investment company to continue to create a harmonious, balanced and consistent relationship with the environment, values, standards and culture of the local community. This understanding means that corporate social responsibility also includes the environment and culture of local communities. It doesn't only cover the social sector. This law places greater emphasis on the need for companies to achieve a relationship that is



harmonious, balanced and in accordance with the environment, values, norms and culture of the local community. Regarding sanctions for companies that do not carry out their obligations, based on Article 34 paragraph (1), they may be subject to 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.

Meanwhile, the UUPT provisions use the term "social and environmental responsibility". The social and environmental responsibilities of a company must be carried out morally because they are a company's commitment. Companies must move to play a role in a sustainable economy and improve the quality of life and the environment. Social and environmental responsibility is a commitment of the Company not only to external stakeholders, but also to the Company itself (internal stakeholders). This is in line with the concept of corporate social responsibility which not only provides contributions from outside but also includes all internal stakeholders including employees, directors, managers and other stakeholders. Other internal bodies also have an important role in the company. Article 74 paragraph (3) UUPT also regulates: "Companies that do not carry out the obligations as in paragraph (1) will be subject to sanctions in accordance with the provisions of statutory regulations." This formulation creates legal uncertainty because it does not clearly indicate what laws and regulations and sanctions will be imposed on companies that do not carry out social and environmental responsibilities. Confusion increases, apart from being confused because of the restrictions on companies that are obliged to carry out social and environmental responsibilities, it is not clear what the mechanism for implementing social and environmental responsibilities must be carried out by the company, how much contribution the company must budget to carry out social responsibilities, and it is also unclear What sanctions will be imposed if it does not comply?

Law no. 4 of 2009 concerning Mineral and Coal Mining uses the term "community empowerment", namely efforts to improve the ability of the community, both individually and collectively, to improve their standard of living." The definition of community empowerment seems to only emphasize increasing community capabilities (social aspects). Meanwhile, in the Regulation of the Minister of Social Affairs of the Republic of Indonesia no. 13 of 2012 concerning the Business World Social Responsibility Forum in Implementing Social Welfare uses the term "business world social responsibility", defined as the commitment and efforts of the business world in carrying out its social responsibilities in participating in helping to handle social problems. Meanwhile, what is meant by the business world is commercial organizations, all industrial environments and the production of goods/services, including State-Owned Enterprises (BUMN) and Regional-Owned Enterprises (BUMD) as well as private companies or entrepreneurs and their networks, which will carry out their social responsibilities. The aim of this forum is to coordinate, facilitate and synergize the potential of business actors, social organizations, universities and society in optimizing the implementation of social responsibility in the business world in implementing social welfare.

Based on an analysis of a number of laws and regulations that include issues regarding corporate social responsibility, there is a mismatch in the concept and mechanism for implementing corporate social responsibility. These laws and regulations seem to complement each other, but there are conceptual differences. Regulations regarding social responsibility have become scattered and various concepts have emerged. For example, the budgeting of funds is different between Law no. 19 of 2003 concerning BUMN and several statutory regulations mentioned above. Also about the concept of Law no. 25 of 2007 concerning Capital Investment which states that corporate social

responsibility is an inherent responsibility of every company, but in Law no. 40 of 2007 concerning Limited Liability Companies is considered a "Company commitment" whose meaning is more a moral attitude than a legal obligation.

3.2 Implications arising regarding the regulation of Corporate Social Responsibility in Indonesia

Since the promulgation of Law Number 40 of 2007 concerning Limited Liability Companies, the view has also developed that corporate social responsibility is not a company obligation, the reason is in Article 1 No. 3 of this Law. The UUPT clearly states that social and environmental responsibility is a company's commitment to implementing sustainable economic development to improve the quality of life and a beneficial environment, both for the company itself, the local community and society in general. What is meant by "commitment" in this article can be understood in terms of terminology as a term that does not indicate an obligation required by the State, but rather a commitment that arises from the person who will carry it out, not because of external coercion. The consequence is that if this commitment is determined as an obligation, then this no longer comes from within the self (is voluntary), but from outside the self that carries it out and is coercive.

Understanding Formally, legally, corporate social responsibility in Indonesia can be seen in several laws and regulations, namely: Law no. 40 of 2007 and Law Number 25 of 2007 concerning Capital Investment. The definition of corporate social responsibility in Article 1 point 3 of the Company Law is the company's commitment to participate in sustainable economic development in order to improve the quality of life and a beneficial environment, both for the company itself, the local community and society in general, but in the explanation of Article 15 (b) Law no. 25 of 2007, it is stated that what is meant by corporate social responsibility is the responsibility inherent in every investment company to continue to create relationships that are harmonious, balanced and in accordance with the environment, values, norms and culture of the local community. There are weaknesses in the provisions of the UUPT which require companies to carry out corporate social responsibility, but on the other hand there are no firm limits regarding standardization of the implementation of corporate social responsibility itself, even though in Article 74 paragraph (2) UUPT, it is stipulated that the implementation of corporate social responsibility Corporate social responsibility is carried out by paying attention to propriety and fairness. The terms "propriety" and "fairness" are conditions that are still very biased and cannot be measured, so the consequence is that the implementation of corporate social responsibility depends on the wishes or wishes of the company concerned.

The concept of Article 74 of the Company Law is obligatory, namely "... companies related to natural resources are obliged to carry out social and environmental responsibilities". In fact, the verse referred to is "Companies that carry out their business in the field and/or related to natural resources are obliged to carry out social and environmental responsibilities". In the explanation of this paragraph, it can be read that "in the field" means managing and utilizing, while "in relation to" means having an impact on carrying capacity, thus, in fact the paragraph contains a concept which states that all companies (not all companies) are obliged to carry out social responsibility. and the environment, because companies that do not manage and utilize natural resources will certainly have an impact on the carrying capacity of the environment.



There is a link between the provisions regarding corporate social and environmental responsibility in the Company Law with other statutory regulations as follows:

- a. Law Number 23 of 1997 concerning Environmental Management, as stated in Article 6 paragraph (1) and paragraph (2), Article 16 paragraph (1) and Article 17 paragraph (2);
- b. Law Number 8 of 1999 concerning Consumer Protection. This law regulates the obligations and responsibilities of companies towards their consumers;
- c. Law Number 19 of 2003 concerning State-Owned Enterprises. The provisions in the BUMN Law that regulate CSR are listed in Article 2, Article 88 and Article 90;
- d. Law Number 4 of 2009 concerning Mineral and Coal Mining as regulated in Article 141 paragraph (1)
- e. Law Number 25 of 2007 concerning Capital Investment as regulated in Article 15 and Article 34.
- f. Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, which is stated in the provisions of Article 21.

The relationship between CSR regulations regulated in company law (UUPT Number 40 of 2007) with the statutory regulations mentioned above, seen from the perspective of legal principles is *lex specialist*, and uses the principle of absolute liability of the company, which is actually the case for each. These regulations are independent legal provisions. These related laws and regulations constitute a legal obligation for the company, which is not actually a voluntary social responsibility as conceptualized or adopted internationally. In this way, there can be a doubling of a company's responsibilities, namely socially (according to the Company Law) and legally (Environmental Law, Consumer Protection Law and other statutory regulations). In the principle of absolute responsibility, the emphasis is on the cause, not the fault. According to this principle, the company is responsible for any losses that arise in the company's activities without having to prove whether the company is at fault.

Equating social and environmental responsibility as mandated by Article 74 of the Company Law with CSR is actually inappropriate. This has placed social and environmental responsibility far from the general CSR principles/concepts adopted internationally. Internationally, the CSR concept is applied as stated in the International Organization for Standardization or ISO 2600 as the parent international standardization organization which has succeeded in producing guidelines and standardization for social responsibility, which is named ISO 26000: Guidance Standard on Social Responsibility. Implementation of CSR ISO 26000 defines CSR as the responsibility of an organization for the impact of its decisions and activities on society and the environment. Based on the ISO 26000 concept, the implementation of social responsibility needs to be integrated into all organizational activities including 7 (seven) main issues, namely community development; consumer; practice healthy institutional activities; environment; employment; human rights; Organizational Governance (Government Organization). So, if a company only cares about certain issues, for example the company really cares about environmental issues, but still advertises its employees by specifically stating that the needs of employees of a certain gender are in accordance with the ISO 26000 standard, then the company has not really taken responsibility for it. full responsibility and social responsibility. So the concept of social and environmental responsibility as intended in Article 74 of the Company Law is different from the scope of principles/concepts and understanding of CSR in the literature as well as official definitions issued by international institutions as well as practices that have been running in the country and that apply internationally.

UUPT as a systematic and integrated legal concept turns out that juridically there are inconsistencies between Article 1 and Article 74 as well as the explanation of Article 74 itself. Article 1 of Law Number 40 of 2007 concerning Limited Liability Companies contains "... the Limited Liability Company's commitment to participate", while Article 74 paragraph (1) "... is obliged to carry out Social and Environmental Responsibility". Article 1 contains the meaning that CSR implementation is voluntary as a result of each company's awareness or community demands. Meanwhile, Article 74 paragraph (1) means an obligation. Furthermore, TJSL's obligations in Article 74 paragraph (1) have no direct connection with the sanctions in Article 74 paragraph (3). Sanctions for not carrying out social and environmental responsibilities are not regulated in the Company Law but depend on other related laws and regulations.

These related laws and regulations constitute a legal obligation for the company, which is not actually a voluntary social responsibility as conceptualized or adopted internationally. In this way, there can be a doubling of a company's responsibilities, namely socially (according to the Company Law) and legally (Environmental Law, Consumer Protection Law and other statutory regulations). In the principle of absolute responsibility, the emphasis is on the cause, not the fault. In the midst of the global business law trend towards deregulation and providing more space for self-regulation efforts through soft laws, CSR regulations in hard law (UU PT No. 40 of 2007) can be said to be a step back. For example, the issue of environmental responsibility, which is actually the responsibility of every legal subject, including companies. If environmental damage occurs as a result of business activities, this clearly falls into the area of legal matters, every impact of pollution and ecological destruction is subject to legal action, and each company must be responsible. By placing the obligation to protect and restore the environment within the scope of social responsibility, this tends to reduce the importance of environmental security as a legal obligation compared to social responsibility options, or even further, it can actually result in a doubling of a company's responsibilities, namely socially (according to UUPT) and legally (Environmental Law).

Legal obligations regarding corporate social responsibility (CSR) are a complete and comprehensive concept. This concept relates to all stakeholders. By carrying out its responsibilities, companies not only pay attention to seeking profits alone, but also pay attention to stakeholders and the environment. so that CSR is no longer interpreted as just a moral requirement, but is believed to be a company obligation that must be implemented. So sanctions are an important element in law because sanctions create coercive power to enforce the law. Individuals are forced to carry out things that are regulated according to law. In this way, each individual's legal obligations will be implemented. Although this does not mean that with sanctions there will be no violations of legal provisions. The government or state can carry out regulations without accompanying sanctions. However, in essence, law is a tool for carrying out social engineering, how a society can do something that is required by law but is not accompanied by sanctions. This has the potential to cause a norm to be disobeyed. In relation to corporate social responsibility, which has been regulated as a legal obligation, it will be like volunteering again if it does not regulate sanctions for violations of these obligations.

Corporate social responsibility is also related to the welfare of society, therefore it is important to ensure compliance with legal obligations in the form of carrying out corporate social responsibility. It is important to formulate criminal sanctions against companies that do not carry out their social responsibilities, in addition to ensuring that compliance also has a deterrent effect as



well as being an effort to improve the company's behavior (in this case including the behavior of the management and other internal stakeholders). Therefore, laws regarding corporate social responsibility need to regulate criminal sanctions. Appropriate criminal sanctions are imposed in the form of fines for corporations that do not carry out corporate social responsibility obligations. Administrators may be subject to sanctions in the form of fines and/or imprisonment. So the obligation to carry out corporate social responsibility also regulates criminal sanctions.

4. CONCLUSION

The legal ratio is the existence of corporate social and environmental responsibility according to the provisions of the Limited Liability Company Law no. 40 of 2007 is a philosophical basis, namely that corporate social responsibility is a real way to guarantee the welfare of the community while providing protection to the community which is in line with the values of Indonesian unity. The sociological basis of the company is a capital company founded on the basis of a commercial performance agreement. In the process, these business activities are carried out in an organized manner by a group of people who have a vision of running a form of business with management that is carried out as well as possible. Implementation of corporate social responsibility is a concept by which companies decide to contribute to society so that life is better, the condition and function of the environment is maintained. Meanwhile, the implications that arise regarding regulations regarding Corporate Social Responsibility in Indonesia, in the UUPR regulations regarding Corporate Social Responsibility are unclear and overlap with other related laws and regulations. Not all companies related to natural resources have implemented social and environmental responsibility, because there is still a perception that the allocation of Corporate Social Responsibility is not mandatory, and its implementation is not there is good control from the government, and there are no strict sanctions for companies that do not convey Corporate Social Responsibility.

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