

Corporate Social Accountability Model as a Form of Future National Economic Development

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Corporate social responsibility (“CSR”), as based on the provisions stipulated in the Act on Limited Liability Companies, has become a trend in recent years. From looking at this development, we formulated the problem of how a company’s social responsibility was viewed from a legal perspective in the framework of developing the model and its implementation in the interests of future national economic development. The purpose of this study is to find an appropriate form of implementation of CSR in Indonesia in relation to national economic development. This study uses a normative and empirical juridical approach with a focus on searching library data to examine the development of a model of CSR. Primary data was obtained by interviewing corporate organs in order to complete the library data, the data obtained was collected and analyzed qualitatively. The results of the study show that the implementation of CSR in Indonesia has not fully met the provisions and principles of national economic development. This is because the practice of CSR in Indonesia has been an adoption of the concept of corporate philanthropy that developed in capitalist societies which put forward the practice of mercy or the concept of charity. Our suggestion is that the CSR model in Indonesia must be developed in accordance with the provisions and principles of national economic development, so that CSR is primarily placed as a means of empowering the people in the economic field by creating jobs to increase independence in accordance with Article 27 paragraph (2) 1945 Constitution.

Key words: *Model, Corporate social responsibility, Economic development.*

Introduction

If explored further, the regulation of *Corporate Social Responsibility* (CSR) in legislation, and more specifically in Act Number 40 of 2007 concerning Limited Liability Companies (UUPT), places more emphasis on aspects of local community's or community development. There is a false understanding in CSR practice, which purports to suggest that the focus of attention and the tangency point of CSR is not only at the *local community*, but the scope of is at least 9 stakeholders, both internal and external, and one of the external stakeholders is the *local community*.

It seems CSR regulation in the Indonesian Company Act is the material that raises the most pro's and con's. Those who contradicted the implementation of CSR in a Limited Liability Company (PT) should not need to be regulated, let alone be faced with sanctions for their lack of CSR implementation. The reason behind this is that CSR is a social responsibility so ethical or moral obligations are more prominent than legal obligations. Therefore, it is excessive if companies are required to implement it (Gultom, 2013; Liu & Kuo, 2017).

On the other hand, those who support the promulgation of CSR in the Indonesian Company Act argue that company's are obliged to implement CSR. This means that every company is encouraged to have concerns for the surrounding environment, because there are many companies that appear to not care about the environment. In some cases, the presence of a company has caused many social problems in their surrounding environment (Gultom, 2013).

Before the existence of CSR obligations in Article 74 of the Company Act, CSR was regulated in the provisions of Article 15(b) of Act Number 25 of 2007, concerning Investment (UUPM), which states that "Every investor is obliged to carry out corporate social responsibility". This obligation is defined as the responsibility inherent in each investment company to continue to create harmonious, balanced and in accordance with environmental values, norms, and cultures of local communities.

In addition to Private Owned Enterprises (BUMS), State-Owned Enterprises (BUMN) have an equally important role in the implementation of the national economy in order to realize public welfare. One of the obligations of BUMN's as determined by Article 88 paragraph (1) of Act Number 19 of 2003, concerning State-Owned Enterprises (UUBUMN), is that BUMN's can set aside a portion of their net profit for fostering small businesses/cooperatives as well as fostering the community around BUMN (the term used is the Partnership and Community Development Program (PKBL)).

But from the various terms mentioned above, we agree to use the term "*corporate social responsibility*", which is actually a language transfer from the term Corporate Social



Responsibility. The European Commission presents a new definition of CSR as “the responsibility of enterprises for their impacts on society” (European Commission, 2011).

The term CSR in practice is often juxtaposed with several other names that have similarities or are often identified with CSR, such as Corporate Giving/Charity, Corporate Philanthropy, Corporate Community/Public Relations, and Community Development, (Suharto, 2006).

The main issues are related to social welfare so that the future development of CSR in Indonesia must be in accordance with the provisions and principles of development in the economic field. The provisions and principles referred to in this study are the basic references contained in the 1945 Constitution, especially those contained in Article 33 and Article 34 of the 1945 Constitution, as the main foundations of national development in the fields of economy and social welfare.

In addition, CSR is closely related to the concept of legal equality and equality of opportunity and rights for citizens in obtaining employment, as stated in Article 27 of the 1945 Constitution. The second problem of CSR is related to aspects of social justice in the practice of implementing CSR as a manifestation of company participation in national and final economic development. This relates to the development of CSR models that are in accordance with the Pancasila philosophy in an effort to strengthening the concepts and models of CSR implementation in the future.

In practice, interested parties face several obstacles in the field related to their implementation of CSR. It must be known whether the implementation of CSR by a company is properly implemented or not, because it closely relates to benefits for the community. If CSR implementation has not been done properly so far, it is necessary to find a way for CSR obligations to be implemented properly in the future. Assessments on implementation can be done through in-depth research efforts on developing CSR models that are truly needed by the community, and the results of which really benefit the community in the broadest sense.

The description above shows the importance of further research on CSR. The importance of this research is based on the knowledge that CSR in recent years has become a trend, both for academics and general researchers. On that basis, we are moved to expand the research on CSR from a legal perspective in the framework of developing the model and its implementation for the benefit of future national economic development. The reasons above, are consideration for researchers to write with the title “Model of Corporate Social Responsibility as a Form of Future National Economic Development”

Literature Review

Provisions Regarding CSR in Indonesia

As explained above, the substance of CSR is regulated in the Company Act and UUBUMN. In addition to these two laws there are several provisions related to CSR. First, and when reviewed further, CSR as a concept has not recently been born. In Act Number 5 of 1960, concerning Agrarian Principles (UUPA), it was regulated. Article 6 of BUMN states that, “All rights to land have a social function.” This means that, “the rights to land that exist in a person cannot be justified, that the land is used (or not used) solely for his personal interests”, especially if the use can cause harm to the community. Therefore, land use must be adapted to the circumstances and the nature of its’ rights, so that the land can be beneficial for both the welfare and happiness of the owner and for the community, nation, and country.

The meaning of social function must be interpreted not only to apply to land rights but must be extended to all forms of material rights in general. In this sense “All rights have social functions”. The principle of social function as mentioned in Article 6 of UUPA must be used as a reference in implementing the provisions of Article 74 of the Company Act, which relates to social and environmental responsibility or currently known as CSR.

Secondly, because the provisions of CSR are closely related to stakeholders, (labor as internal stakeholders of the company) as the party to be addressed in the implementation of CSR, it is necessary to discuss Act Number 13 of 2003 concerning Labor (UUK). At UUK (b), it is stated that "in the implementation of national development, labor has a very important role and position, namely as an actor as well as the goal of development itself." It can be said that the aspect of labor is the main priority in national development, because the role and position of the workforce is as actors and the workforce is used as a goal in economic development. Therefore, employment is a main internal stakeholder, and the focus of attention and main target of this research in its’ effort to implement and develop an effective CSR model.

Thirdly, Act Number 25 of 2007 concerning Investment (UUPM). Article 15 (b) of the Capital Market Act stipulates that every investor is obliged to carry out CSR. Explanation of Article 15 of the Capital Market Act stipulates that CSR is “the responsibility inherent in every investment company to continue to create harmonious, balanced and in accordance with the environment, values, norms and culture of the local community.”

Apart from the CSR obligations mentioned above, it is further explained in the provisions of Article 16 letters c, d, e, and f in UUPM, “every investor is responsible for creating a fair business competition climate, preventing monopolistic practices, and other things that harm

the state; preserve the environment; creating safety, health, comfort and welfare of workers; and comply with all statutory provisions.”

The provisions of the Capital Market Act are lax specialists from the Company Act, as they only apply to companies that invest their capital in Indonesia, both in the form of domestic investment (PMDN) and for Foreign Investment (PMA). This means that the implementation of CSR still refers to the provisions contained in the Company Act.

Fourthly, because the concept of CSR mentioned in Article 74 of the Company Act must be directed and adjusted to the concept of sustainable development, the provisions of Act Number 32 Year 2009, concerning Protection and Management of the Environment (UUPPLH), are applied. Article 1 point 3 of the UUPPLH states that “Sustainable development that is environmentally sound is a conscious and planned effort, which integrates the environment, including resources, into the development process to ensure the ability, welfare, and quality of life of present and future generations.” Therefore, the government, companies, and the community have the same level of responsibility in realizing this concept, so that the ultimate goal of environmental function is achieved.

Related to the participation of the community regulated by Article 70 paragraph (1) UUPPLH, “The community has equal and broadest rights and opportunities in the protection and management of the environment.” Furthermore, Article 70 paragraph (3) UUPPLH reads, “The role of the Community to raise awareness in environmental protection and management; increasing independence, community empowerment, and partnerships; develop community abilities and pioneering; develop the responsiveness of the community to conduct social supervision; and develop and maintain local culture and wisdom in the context of preserving environmental functions.”

Based on the above provisions, the community has a role to participate in the supervision of a company's operations so that they are expected to play a role in maintaining environmental functions. In this connection, CSR is placed as compensation for benefits from the spatial and environmental systems used by the company as an impact of the company's operations.

CSR Model in Indonesia Based on Indonesian Company Act and UUBUMN

Currently the CSR model in Indonesia is based on normative provisions and can be divided into 2 types. The first is the Social and Environmental Responsibility model (TJSL model) as regulated by the Company Act, and the second is the Partnership and Community Development Program model (PKBL model) as stipulated in UUBUMN.

The TJSL model is regulated in the provisions of Article 74 of the Company Act. This article states that, “Companies that carry out their business activities in the field of and / or related to natural resources are obliged to implement Social and Environmental Responsibilities.” These provisions can be explained in 2 categories, “First, companies that carry out business activities in the field of resources natural power are a company that directly uses natural resources as the main object of the company’s activities.” In this category, the company has the potential to directly affect the sustainability of environmental functions and create social changes to the communities in which the company operates. A company that conducts its’ business activities related to natural resources, is a company that does not use natural resources as the main object of its activities so that it does not significantly affect the sustainability of environmental functions, but the company still has an impact on social changes in the local community.

TJSL as referred to above is faced with 2 meanings. The first is responsibility in the sense of moral or ethical responsibility, and the second is responsibility in the meaning of liability or juridical or legal responsibility. TJSL is born because of the demands of the responsibility itself.

Social responsibility is in the moral domain, so its position is not the same as law. Morals in social responsibility lead more to outward actions based entirely on physical attitudes. This attitude is called “morality”, which are attitudes and good deeds that are truly selfless. Legal responsibility emphasizes the appropriateness of outward attitude with rules even though these actions are objectively not wrong.

Furthermore, if social responsibility is associated with a company’s activities, it can be said that social responsibility places more emphasis on the company's concern for stakeholders in a broader sense than mere corporate interests. Thus, the concept of social responsibility places more emphasis on corporate responsibility for actions and business activities that affect certain people, communities, and the environment in which the company carries out its’ business activities (Wahyudi and Azheri, 2008; Lynch & Madden, 2017).

Article 74 Paragraph (2) of the Company Act states that, “Social and Environmental Responsibility as referred to in paragraph (1) is the Company’s obligation that is budgeted and calculated as the Company’s expense which is carried out by observing propriety and fairness”. Related with Article 74 Paragraph (2) of UUPT, Man Suparman Sastrawidjaja and Rai Mantili stated that “The emphasis of CSR is not on budgeting but on the company’s concrete steps towards its environment. With the emphasis on budgeting, it can be felt as a burden on the company, and it is feared to have a negative impact. Besides that, even if it must be budgeted, the amount is not set by the government because it must pay attention to

the conditions of each company. Therefore, it is appropriate that the article is said to be carried out by observing propriety and fairness.”

Regulations regarding sanctions are stipulated in Article 74 paragraph (3) of the Company Act which states that, “Companies that do not carry out obligations as referred to in paragraph (1) are subject to sanctions in accordance with statutory provisions.” Paragraph (4) Article 74 of Company Act stipulates that “Further provisions regarding Social and Environmental Responsibility are regulated by Government Regulations.”

Five years after the Company Act was enacted, the government issued Government Regulation Number 47 of 2012, concerning Social and Environmental Responsibilities of Limited Liability Companies (PP TJSL), whose contents consisted of only 9 articles and were effective since promulgation. The content or substance regulated in the PP TJSL includes the following:

- a. each company, as a legal subject, has social and environmental responsibility (hereinafter abbreviated as TJSL);
- b. TJSL is an obligation for the company;
- c. carried out both inside and outside the company environment;
- d. carried out by directors based on the company's annual work plan after obtaining approval from the board of commissioners or GMS in accordance with the articles of association of the company, unless otherwise specified in the legislation;
- e. the company's annual work plan contains an activity plan and the budget needed for its implementation;
- f. the company in compiling and stipulating the activity plan and budget must pay attention to propriety and fairness’
- g. the budget realization for its implementation is calculated as the company's expense;
- h. the implementation of TJSL is included in the company's annual report and is accountable to the GMS;
- i. companies that do not implement TJSL are subject to sanctions in accordance with statutory provisions; and
- j. TJSL does not prevent the company from playing a role and implementing it and the company that has taken part and implemented the TJSL can be given an award by the competent authority.

The provisions concerning the previous TJSL are not regulated in Act Number 1 of 1995 concerning Limited Liability Companies. Therefore, in terms of its’ regulatory aspects, Act No. 40 of 2007 concerning Limited Liability Companies (the latest Act), is considered to be progress and the most likely to meet the needs of the majority of people. This momentum certainly must be utilized positively by the government, companies, and the community. All

parties must encourage the implementation of social and environmental responsibility (CSR) as an order of law.

The second model, PKBL, is regulated in the provisions of Article 88 UUBUMN. It should be emphasized that in addition to BUMS, BUMN's also have an important role in the implementation of the national economy in order to realize public welfare. To carry out this role, the provisions of CSR in UUBUMN are regulated using the term Partnership and Community Development Program (PKBL). This is stated by Article 88 UUBUMN, namely "BUMN can set aside part of its net profit for the purpose of fostering small businesses/cooperatives as well as fostering community around BUMN, and further provisions regarding allowance and use of profits as referred to in paragraph (1) regulated by Ministerial Decree."

The provisions regarding PKBL are technically regulated in the Regulation of the Minister of BUMN. The question is what and how is PKBL related to the obligation and scope. PKBL stands for Partnership and Community Development Program, as mentioned by Article 1 number 6 and number 7 Regulation of the Minister of State-Owned Enterprises Number Per-05/MBU/2007, concerning State-Owned Trustees and Community Development Programs (ministerial regulation Per-05/MBU/2007). Within these sections it is stated that, "BUMN Partnership Program with Small Business, hereinafter referred to as the Partnership Program, is a program to improve the ability of small businesses to be resilient and independent through the utilization of funds from the BUMN profit section, and Community Development Program, hereinafter referred to as the Program BL, is a program to empower social conditions by BUMN through the use of funds from the BUMN profit section."

Based on the above provisions, it is very clear that the PKBL in question is a community economic and social empowerment program. Furthermore, it relates to the obligation to Perum and Persero in implementing PKBL. Regulations in Article 2 of State-Owned Enterprises Regulation Number Per-05/MBU/2007, stipulate that "Public Corporation and Persero must implement the Partnership Program and BL Program by fulfilling the provisions stipulated in the Regulation this, and the Open Persero can implement the Partnership Program and the BL Program by referring to this Regulation which is determined based on the decision of the General Meeting of Shareholders (GMS)."

Funding for Partnership Programs come from the company's budget which is calculated as a cost at a maximum of 2% of the previous year's net income. For SOEs that do not earn a profit, the amount is set without regard to a certain percentage of net income. Additionally, funds can be derived from the Partnership Program fund balance that comes from the provision of part of the BUMN profits allocated until the end of 2012. They can also be sourced from: loan administration services/margin/profit sharing, deposit interest and/or

current account services from the Partnership Program funds after being reduced by operating expenses, and also come from the transfer of Partnership Program funds from other BUMNs, if any.

Furthermore, it is determined that the BL program funds are sourced from a company's budget which is calculated as a cost at a maximum of 2% of the previous year's net profit. For SOEs that do not earn, the amount is set regardless of the percentage of net income and funds can also come from the BL program fund balance that originates from the provision of part of the BUMN profits allocated until the end of 2012. Furthermore, funds can also be sourced from the results of interest on deposits/demand deposits and from the remaining BL program funds from the previous year's BL program funds, if any.

The funds for the Partnership Program and the BL program that are budgeted and calculated as costs are determined by the Minister for Public Corporation, RUPS for Persero and the Board of Commissioners for the Open Corporation. Partnership Program funds are given in the form of: loans to finance working capital and or purchase of fixed assets in order to increase production and sales, special loans to finance the funding needs for conducting business activities, and short-term loans from Foster Partners in order to fulfill orders from business partners of Foster Partners;

Guidance burden:

- 1) to finance education, training, apprenticeship, marketing, promotion, and other matters relating to increasing the productivity of Foster Partners as well as for studies / research related to the Partnership Program;
- 2) the burden of guidance is the grant and the maximum amount is twenty percent (20%) of the Partnership Program funds distributed in the current year, and
- 3) the burden of guidance can only be given to or for the benefit of the Development Partner.

Furthermore, the scope of assistance for Community Development Program by BUMN Trustees, as regulated by Article 11 paragraph (2) (e) Minister of State Owned Enterprises Regulation No. 08/MBU/2013, concerning Fourth Amendment to Regulation of the State Minister for State-Owned Enterprises Number Per-05/MBU/2007, concerning the Partnership Program of State-Owned Enterprises with Small Businesses and Community Development Programs, was realized in the form of:

- a. assistance to victims of natural disasters
- b. education and / or training assistance
- c. health improvement assistance;
- d. assistance in the development of infrastructure and / or public facilities
- e. assistance for religious facilities

- f. nature conservation assistance
- g. social assistance in the context of poverty alleviation.

Based on the above provisions, the Community Development Program that can be practiced by BUMN as a form of CSR implementation has 7 forms.

Methodology

This study uses a normative and empirical juridical approach by focusing on the search of library data to examine the development of a company's social responsibility model as a form of the company in national economic development. Primary data search was done via interviews with company organs to complete the library data, and the data that has been obtained is collected and analyzed qualitatively.

Discussion

CSR practices in the future must be directed from the concept of neoliberal economics, with a shift to the concept of a welfare state and then directed to the concept of populist economy, which is constitutional in accordance with the provisions and principles of national economic development.

We are of the opinion that the implementation of CSR in Indonesia has not fulfilled the provisions and principles of national economic development because in practice the implementation of CSR in Indonesia in general, is an adoption of the concept of corporate philanthropy that developed in capitalist society, meaning the company was established only to pursue maximum profits.

We believe that the capitalist concept of CSR is the concept of corporate philanthropy with the main principle of “socially irresponsibility”. Thus, logically, companies only practice charity. This concept in the long run creates dependency, so that it can reproduce the form of poverty in its’ other forms, namely the weak, lazy and poor. Therefore, CSR in a capitalist concept, with a corporate philanthropy approach, is not in accordance with the principle of Indonesian economic independence which prioritizes people’s empowerment as stated in the spirit of Article 27 paragraph (2) of the 1945 Constitution.

During this time in practice, the CSR approach developed was generally carried out through the concept of community development. The concept is particularly intended for the development of local communities where the company operates. At first glance the concept is likely good CSR practice, but actually, the concept is not a concept of people empowerment

as referred to in Article 27 paragraph (2) of the 1945 Constitution, which emphasizes the independence of citizens through workfare.

The concept of CSR developed by companies in Indonesia has not been in accordance with the Pancasila Economic / Democratic Economy adopted by Indonesia, because this would be an adoption of Anglo-American capitalist concepts, which connects CSR with the concept of corporate governance. The concept of governance as referred to so far, has affected companies in Indonesia, some of which are in the form of BUMN and some are in the form of private companies, even in the form of PMA (corporate multilateral). It can be explained here that Anglo-American development has led directly to the prediction of free markets as a mediating mechanism and the CSR model was developed towards a code of ethics related to corporate governance. Thus, based on the Anglo-American capitalist view, CSR is related to two things. First, CSR is related to the free market agenda and second, CSR is developed into the company's code of ethics (self regulation).

Regarding the first, the authors do not approve of it and expressly reject it because it is not in accordance with the Indonesian economic system. With regards to the second, the authors approve it because CSR is closely related to ethics and morals, so that the ethical fulfillment of CSR by companies must exceed the law, or in another sense, must exceed the minimum requirements as determined in the act. In this case, the fulfillment of CSR is ethically implemented and regulated in company regulations, it can take the form of a company code of ethics (self regulation), and of course the code of ethics is intended to be carried out beyond the provisions contained in the laws and regulations in force in Indonesia.

The concept of CSR must rely on Article 27 paragraph (1) of the 1945 Constitution, which determines the principle of equality of dignity of all subjects involved in company activities, both in compiling the company's goals and up to fulfillment of entrepreneurial plans. In this connection, business leaders must be aware that to be able to guarantee better living conditions of workers, is to encourage them to have loyalty and an identification of the company's objectives, including other stakeholders. In other words, the concept of CSR that must be developed in Indonesia is not in the form of philanthropic corporate, but is a emancipatory-philanthropic form according to the provisions and principles of national economic development.

Furthermore, in the context of realizing national economic development, the implementation of the CSR concept in Indonesia can be developed through 4 integrated strategies (P-4), namely development with pro-job goals, pro-growth (pro-growth), pro reducing pro-poor and pro-environment. Referring to the 4-line concept of the strategy in the implementation of CSR, it must be developed towards the independence of the nation in the real sense. Therefore, the development strategy in the aspect of labor must first be created to encourage

economic growth, whilst at the same time serve to minimize aspects of poverty and protect the environment.

We are of the view that the implementation of CSR in Indonesia must be directed to Sri Edi Swasono's thoughts on the “Indonesian Social Welfare Doctrine” which suggests that the concept of social welfare in question is based on the understanding of “economic democracy” in Indonesia. This means that it must be directed at the demands of ideology as follows, “Prosperity of society is the main, not the prosperity of each individual” (Sri Edi Swasono, 2010). In line with the above view, Bung Hatta stated that, "Indonesian social welfare in the context of economic democracy, termed “social rights of the people”, is interpreted as an idealization of Article 27 paragraph (2) of the 1945 Constitution, which reads, “Every citizen has the right to work and livelihood that is appropriate for humanity.”

Referring to the provisions above, it is clear that decent livelihoods are not separate from work. Thus, the formulation of “people's social rights” in the context of decent livelihoods is not interpreted as philanthropic, but it is an obligation to carry out empowerment of the people, so as people obtain their social rights they are able to obtain jobs. An empowerment by the state can be said to be successful if it creates self-empowerment. It can be said that the concept of Indonesian social welfare adheres to this productivism ideology. Therefore we are of the view that the “Doctrine of Indonesian Social Welfare” developed by Sri Edi Swasono is a dynamic concept.

The understanding of productivity as referred to above must be in line with the second RPJM (2010-2014). This is aimed at further strengthening Indonesia’s restructuring in all fields by emphasizing efforts to improve the quality of human resources including the development of scientific or technological capabilities and power strengthening economic competitiveness. In this context, economic development and welfare targets in the second RPJM must be achieved. This must be done in terms of accelerating the rate of economic growth which is expected to reduce the open unemployment rate to around 5-6% by the end of 2014 and create 9.6 to 10.7 million employment opportunities during 2010-2014. The combination of accelerating economic growth and various targeted government intervention policies is expected to accelerate the reduction of the poverty rate to around 8-10%.

To meet the aforementioned targets, the government must continue to measure measurable and prudent macroeconomic policies, so that inflation can be restricted to a comparable low level to countries that are similar to Indonesia; around 4-6% per year. Controlled inflation enables competitive exchange rates and interest rates, which drives the real sector to move and develop healthily.

In our opinion, and in accordance with the economic development and welfare goals in the second RPJM, the implementation of CSR by company's in the future must be in line with the fields of life that are directly related to the aspects of social welfare, including the fields of education, health, food, and environment and small and medium enterprises (SMEs).

The development targets in the education sector must be aimed at increasing public access to education and improving the quality of education, which among others, is marked by a decrease in the number of illiterate people. The health sector is assessed by increasing public access to health services, which among others, is marked by increasing life expectancy, declining infant and maternal mortality rates.

The food sector seeks to create food self-sufficiency by the end of 2014, which is marked by an increase in people's food security, in the forms of: improving nutritional status of mothers and children in food-insecure groups, improving access to poor households for food, maintaining the ability of rice self-sufficiency and the other main food commodities, maintaining affordable food prices for the lower middle income group, maintaining the exchange rate of farmers to enjoy prosperity, and increasing the bargaining power of Indonesian commodities and comparative advantage in the Indonesian agricultural sector in Asian and Global regions.

The environmental field is to be assessed by: the improvement of environmental quality and management of natural resources in urban and rural areas, the rate of environmental damage, climate change adaptation and mitigation capacity, reforestation programs and carbon emission reductions. Furthermore, in order to overcome the impact of global warming to achieve sustainable development, at the 2009 G20 summit and at the International Convention on Climate Change in Copenhagen, Indonesia had the initiative to commit to mitigating the impact of climate change in the form of reducing greenhouse gas emissions (GHG) in 2020 by 26% of the business-as-usual condition with its' own businesses and a 41% decrease with international support. Efforts to reduce GHG emissions are mainly focused on forestry, peatland, waste and energy activities which are supported by policy measures in various sectors.

Finally, the field of small and medium enterprises (SMEs) seeks to maximize the steps taken to advance small and medium enterprises by increasing access to capital, including the expansion of People's Business Credit (KUR), increasing technical assistance in aspects of product development and marketing, implementing the alignment policy for providing business space for small and medium entrepreneurs, as well as maintaining the functions, existence, and efficiency of traditional markets.

In fact, the achievement of the 2nd RPJM at the end of 2014 is still not fully satisfactory and certainly still leaves some problems. At present, Indonesia still faces three main problems, namely the threat of declining state authority, the weakening of the joints of the national economy, and the spread of intolerance and the nation's personality crisis. One by one the problems in question needs to be explained further in order to implement better development in the future.

In the third RPJM (2015 - 2019) there have been at least 9 main challenges in development. They are related to political stability and security, effective and efficient bureaucratic governance, eradicating corruption, economic growth, accelerating equity and justice, sustainable development, improving the quality of human resources, disparity between regions, and accelerating marine development.

In the context of CSR in Indonesia, in accordance with the provisions and principles of national economic development, the state must be the main actor in the welfare of its' people and the company must act as the main support in development. It is hoped that not only philanthropists, but also people empowerment to foster entrepreneurship in the community, can lead to the achievement of true independence and an escape from dependence. Based on this initiative, disempowerment of the community both economically and socially can be avoided. Here the key words are the participation and emancipation of the people who are ready to be empowered through the implementation of CSR programs by companies in accordance with the provisions and principles of national development.

We are of the view that the concept of CSR, which is in accordance with the Indonesian economic system, is not entirely as intended by market reformists in the concept of "social market economy". It means that welfare as "compensation" contains philanthropic value. But the CSR referred to by us mainly refers to the structuralist viewpoint in the concept of a "Controlled Market Economy," which emphasizes the implementation of the autonomy of citizens (workfare) through a community empowerment approach in accordance with Article 27 paragraph (2) of the 1945 Constitution. Therefore, the main national economic development policy must be directed towards the creation of employment rather than providing assistance in the form of caritas compensation.

Based on the description above, the concept of CSR in Indonesia must be developed in accordance with the provisions and principles of national economic development as referred to in Article 33, Article 34, and Article 27 of the 1945 Constitution as constitutional grounds. Therefore, the main goal of CSR must be placed as a means of empowering the people in the economic field by creating jobs to increase independence in accordance with Article 27 paragraph (2) of the 1945 Constitution. Only after that, can CSR carry out the missions to realize the values of humanism, implement an intrinsic duty of civilized human beings,



carry out voluntary willingness, develop emancipatory philanthropic generosity as demanded by the noble morality, and utilise the ethics of religions in accordance with the provisions of Article 34 of the 1945 Constitution.

Conclusion

Based on the description above, a conclusion can be drawn as follows: the implementation of CSR in Indonesia so far has not fully fulfilled the provisions and principles of national economic development. This is because the practice of CSR in Indonesia has been an adoption of the concept of corporate philanthropy that developed in capitalist societies which put forward the practice of mercy or the concept of charity.

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