

## Legal Enforcement for Limited Companies that Do Not Implement Corporate Social Responsibility

Agustina Ni Made Ayu Darma Pratiwi<sup>1\*</sup>, I Wayan Windia<sup>2</sup>, I Gusti Ngurah Parikesit Widiatedja<sup>3</sup>, Made Gde Subha Karma Resen<sup>4</sup>  
Udayana University

**Corresponding Author:** Agustina Ni Made Ayu Darma Pratiwi  
[madeayudp@gmail.com](mailto:madeayudp@gmail.com)

---

### ARTICLE INFO

*Keywords:* Law Enforcement, Limited Liability Company, CSR

*Received :* 23, July

*Revised :* 13, August

*Accepted:* 27, August

©2024 Pratiwi, Windia, Widiatedja, Resen: This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/).



### ABSTRACT

Supporting the Company's business activities, CSR must be implemented not only as an implementation of responsibility but also as an obligation for the business world. CSR can be said to be future savings for companies to gain profits. The benefits obtained are not just financial benefits but more on the trust of the surrounding community and stakeholders based on the principles of volunteerism and partnership. The formulation of the problem in this research is how to enforce the law for Limited Liability Companies that do not implement Corporate Social Responsibility. This research uses a normative type of research. The results of this research are that Limited Liability Companies have an obligation to implement CSR. However, if a Limited Liability Company does not implement CSR, there are no legal sanctions related to Limited Liability Companies that do not implement CSR. If there are no regulations that enforce it, many companies will ignore CSR provisions and this will become an obstacle in the future in implementing CSR.

---

## **INTRODUCTION**

The business world is currently developing very quickly, especially the private sector, which seems to be growing rapidly. Most private entrepreneurs in Indonesia choose to start their business by setting up a Limited Liability Company, a legal entity. Entrepreneurs need the means to run their business, because Limited Liability Companies are a business choice that is very popular with the public, so the number of Limited Liability Companies is greater than other types of business. The concept of a limited liability company is a capital association that has the status of an independent legal entity apart from its individual persons. Limited Liability Companies are the legal entities most commonly known and in demand by the majority of Indonesian people, so their rapid development cannot be avoided. The naming of a Limited Liability Company cannot be separated from its original name, namely *Naamloze Vennootschap (NV)*. Refer to Article 36 of the Commercial Code which determines the meaning of this as an anonymous partnership.

Limited Liability Companies, which are a pillar of the country's economic development, must be given a strong legal basis to spur national progress. Joint efforts based on the principle of kinship, while maintaining the principles of justice in business, must be the basis for this progress. PT is a legal entity formed based on an agreement and established to carry out activities with authorized capital consisting of shares and fulfills the requirements determined by the implementing laws and regulations. PT is entitled to be the holder of rights and obligations, including being the owner of certain objects or assets, namely something created by law to meet the needs of society. PT has rights and obligations, such as owning certain objects or assets.

Limited Liability Company consists of two words, namely Company and Limited. Company refers to PT capital which consists of holdings or shares. Meanwhile, the word Limited refers to the responsibility of shareholders whose extent is only limited to the nominal value of the shares they own. The word company in the general sense is a company or business organization. Meanwhile, a limited liability company is a form of business organization or business entity that exists and is known in the Indonesian commercial law system. In the provisions of Article 1 of Law Number 1 of 1995 concerning Companies, a Limited Liability Company, hereinafter referred to as a company, is a legal entity established based on an agreement, carrying out business activities with authorized capital which is entirely divided into shares, and meets the requirements stipulated in this Law. as well as implementing regulations.

Steven H. Giffis quoted by Sandra Dewi et al provides a definition that a Limited Liability Company is an association of shareholders or even a single shareholder created by law and treated as a quasi-human being by the courts, is a legal entity and therefore completely separate from the people who founded it, has the capacity for continuous existence, and as a legal entity has the right to receive, hold and transfer its assets, sue or be sued, and can exercise other authorities as permitted by applicable law

Limited Liability Company is a legal entity. Shareholders are not personally responsible for agreements made on behalf of a legal entity, nor are they responsible for losses to a legal entity that are greater than the value of the shares they invested. This is the main characteristic of a legal entity. Shareholders are only responsible for the amount of their deposit or all the shares they own and do not include their personal assets. All responsibilities, assets and other things are stated in the Articles of Association. The company's articles of association and deed of establishment are very important to determine who can be held responsible if what is done exceeds their authority and responsibilities as regulated in the Company Law and articles of association.

A company must have aims and objectives as well as business activities which must be included in the Company's Articles of Association in accordance with the provisions of statutory regulations. Based on the Elucidation of Article 18 of the 2007 Company Law, the aims and objectives are the main business of the Company. The Company's Articles of Association will contain various written rules that must be obeyed by each founder and management of the company. These articles of association will serve as guidelines for the organization and running of the company's activities. Therefore, these articles of association are very important to maintain the existence of the company because they are an important part of the Company's Deed of Establishment. The Deed of Establishment itself is an agreement document establishing a company between the parties involved in it (the founders), which is made in the presence and in the form of a notarial deed. One of the activities created in the articles of association of a Limited Liability Company is Corporate Social Responsibility or what is abbreviated as CSR.

Business is committed to supporting sustainable economic growth by paying attention to corporate social responsibility and balancing economic, social and environmental aspects. This is known as Corporate Social Responsibility (CSR). CSR is very important to ensure the sustainability of today's business world because business will not be able to develop without paying attention to the social environment. To support business activities, CSR must be implemented not only as an implementation of responsibility but also as an obligation for the business world. The role of CSR must become part of the business role and be included in the company's business policies so that the business world is not only an organization that focuses on achieving profits but also becomes a learning organization where every worker has social awareness and a sense of belonging to the social environment and their own organization.

Apart from that, CSR can be said to be future savings for companies to gain profits. The benefits obtained are not just financial benefits but more on the trust of the surrounding community and stakeholders based on the principles of volunteerism and partnership. The economic benefits obtained by companies in implementing CSR are that the activities carried out by the company will generally have an effect on increasing the company's profitability. Even though it will cost more, it will create a company image in the eyes of the public.

Indirectly, it will be interesting to use the company's products, which will ultimately result in the company's profitability.

In carrying out CSR there is Stakeholder theory, Stakeholder theory was born as a reaction to shareholder theory, which has long been used as a reference in company management. Milton Friedman quoted by Martono Angusti emphasizes that a corporation naturally only has the aim of generating economic profits for its shareholders. If this goal is achieved by the company, then the company's function and social responsibility have actually been achieved, namely in the form of improving community welfare. Joel Bakan teaches that if a company distributes some of its profits to stakeholders other than shareholders (society), then the company has violated its nature.

CSR is a company's commitment to supporting sustainable economic growth by paying attention to social responsibility. The obligation for companies to carry out Corporate Social Responsibilities is relatively new, namely with the promulgation of Law No. 40 of 2007 concerning Limited Liability Companies. Not only government and industry are responsible for a country's development. To manage social welfare and the quality of life of the community, cooperation with the entire community is needed. By considering environmental aspects, business contributes to healthy economic growth. Modern industry not only considers financial profits, but also considers social and environmental factors. The concept of sustainable development is formed from these three components which then work together.

Cowen quoted by Lela Nurlaela Wati Large companies usually have more and more complex activities, have a greater impact on society, have more shareholders, and receive more attention from the public, therefore large companies are under more pressure to reveal their social responsibility. Companies that have strong financial conditions will also receive more pressure from external parties to reveal their social responsibility more widely. A company that has greater profits must be more active in implementing CSR. According to the PT Law, PTs must implement CSR. However, if a PT does not implement the sanctions given. Therefore, the author conducted research on Law Enforcement for Limited Liability Companies That Do Not Implement Corporate Social Responsibility?

## **LITERATURE REVIEW**

In connection with this scope, John Elkington groups CSR into 3 aspects, which are better known as "Triple Bottom Line" which includes welfare, environmental quality and social justice. Furthermore, he also emphasized that a company that wants to implement the concept of sustainable development must pay attention to the "Triple P" namely profit, planet and people or profits, society and the environment. If we link the triple bottom line with the triple P, it can be concluded that profit is a form of the economic aspect, "planet" is a form of the environmental aspect and "people" is a form of the social aspect. Based on the explanation above, in implementing CSR there are 3 important aspects that need to be considered, namely profit, planet and people. A company will basically seek as much profit as possible. Apart from profits, a company must

also pay attention to the environment and society. In implementing CSR, companies do not only pay attention to shareholders but also to stakeholders.

Jones quoted by Lela Nurlaela Wati explains that *stakeholders* divided into two categories:

1. *Inside stakeholders*, consisting of people who have interests and demands on company resources and are within the company organization. The parties included in the inside stakeholder category are shareholders, managers and employees
2. *Outside stakeholders*, consisting of people and parties who are not company owners, not company leaders, and not even company employees, but who have an interest in the company and are influenced by decisions and actions taken by the company. The parties included in the outside stakeholder category are customers, suppliers, government, local communities and society in general..

## METHODOLOGY

The author uses normative research, namely legal research that looks at law from an internal point of view with the object being legal norms. The aim of normative research is to provide juridical arguments when there is a void, ambiguity and conflict of norms.

## RESEARCH RESULTS

Although the term CSR has become more popular in Indonesia since the 1990s, several companies have carried out corporate social activities that approach the CSR concept. So what makes people think that CSR focuses on the social sector or environmental activities without considering the social situation, and many people view CSR superficially. Corporate Social Responsibility (CSR) is a company's commitment to participate in sustainable economic development by improving the quality of life and the environment with benefits for the company itself, local communities and the general public. Companies providing direct donations in the form of cash were the most common form of CSR at the beginning of their development. Many businesses now reject this travesty approach because it does not enhance the capabilities of local communities, natural resources, and economic resources. A company must understand and implement a CSR program if they want to develop the environment and society around it. All aspects of company operations will be influenced by CSR implementation. Therefore, the main idea of social responsibility (CSR) is to consider and involve all stakeholders, including, but not limited to, suppliers, shareholders, workers, customers, governments, non-profit institutions, international organizations, and others.

In accordance with the mandate of the Preamble to the 1945 Constitution of the Republic of Indonesia, Article 33 paragraph (1), Corporate Social Responsibility (CSR) is a company's responsibility towards the community and surrounding environment. CSR is a community development program that aims to bring profits to shareholders and ensure that companies can operate in accordance with applicable legal provisions. CSR is also a moral, ethical and

philanthropic responsibility. CSR arrangements are regulated in Law No. 40 of 2007 concerning the Limited Liability Company Law in Article 74 paragraph

- (1) CSR must be implemented by companies operating in the field of or related to natural resources.
- (2) CSR, as stated in paragraph (1), is a company obligation that is budgeted and calculated as company costs, and its implementation is carried out fairly and fairly.
- (3) Companies that do not fulfil the obligations as intended in paragraph (1) will be subject to sanctions.
- (4) Further provisions regarding CSR are regulated by Government Regulations.

Even though Article 74 of the PT Law only states that TJSL or CSR rules apply to companies that do business in the natural resources sector, CSR is actually the responsibility of all companies, both those operating in the natural resources sector and those related to it. These rules are contained in Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. The provisions of Article 2 PP No. 47 of 2012 explain that every company as a legal subject has social and environmental responsibilities. In Article 3 paragraphs (1) and (2) it is explained that:

- (1) Social and environmental responsibility as intended in Article 2 is an obligation for Companies that carry out business activities in the field and/or related to natural resources based on the Law.
- (2) The obligations as intended in paragraph (1) are carried out both inside and outside the Company's environment.

In Article 7 paragraph (3) regarding sanctions, companies as referred to in Article 3 that do not carry out social and environmental responsibilities are subject to sanctions in accordance with the provisions of statutory regulations.

CSR actually refers to the fact that a company is a legal entity consisting of individuals. This shows that a business cannot function, operate and generate business profits without the help of others. Spiller quoted by Andarwati notes six main parties responsible for corporate responsibility towards the social environment: society, consumers, suppliers, communities, workers, and primary and secondary. Implementing CSR is an obligation that must be adhered to by every corporation. This is clear because there is a regulation regarding the obligation to carry out CSR, and the sanctions that have been regulated by the company will be implemented. A company can provide the best results if it pays attention to two main basic things, namely that these two basics start from its people, both the expected production results (output) and the resources that are the materials for production (input). So if something happens, such as a company neglecting a social, economic and environmental problem in its business activities, it will still remain and will make a profit, but the company will have difficulty maintaining its existence because its workers will not receive welfare.

According to Law no. 11 of 2009 concerning community welfare, states that community welfare is a condition where the spiritual and social material

needs of citizens are met so that they can live a decent life and are able to develop themselves, so that they are able to carry out their social functions. From the law above, we can see that the measure of the level of welfare can be assessed from the ability of an individual or group in its efforts to fulfill its material and spiritual needs. The CSR program implemented is basically directed at achieving increased welfare through programs based on empowerment that are carried out. According to Hapsari and Kinseng quoted by Febrina Melinda, the measure of the level of welfare can be assessed from the ability of individuals or groups in their efforts to fulfill their material and spiritual needs, where material needs includes income while spiritual includes education, security and peace of life. This is in line with the welfare indicators according to BPS which includes:

1. Income, namely all types of rewards or income received by workers during a month, whether in the form of money or goods, measured in rupiah;
2. Consumption and expenditure levels, namely all costs incurred to meet living needs;
3. Access to education is the level of ease in accessing education and at what level a person can complete education;
4. Access to health is the level of ease in accessing health services;
5. condition of residence, namely the condition of residence which includes the house and environmental conditions; and
6. Residential facilities include the facilities and infrastructure available on site.

On the other hand, corporate social responsibility is a company's commitment to act morally, operate legally, and help economic growth while improving the quality of life of employees, their families, local communities, and the general public. Wibisono quoted by Herman explains companies that have succeeded in implementing CSR using the following stages:

- a. Planning Stage. Plan what the company will do in implementing CSR.
- b. Implementation Stage. Carry out what has been planned as best as possible.
- c. Evaluation stage, assessing whether the CSR implementation that has been implemented is as it should be.
- d. Reporting Stage, providing transparent reports about CSR implementation to stakeholders.

## **DISCUSSION**

These stages will realize CSR that is right on target, so that it will have a positive impact on the company. This positive impact is a result of the obligations carried out by PT. However, if a Limited Liability Company does not implement CSR, there are no legal sanctions related to Limited Liability Companies that do not implement CSR. In article 74 paragraph (1) of the Company Law, CSR is included as a legal requirement. However, this article and the two PP regulations do not stipulate legal sanctions against companies

that do not implement CSR programs. If there are no regulations that enforce it, many companies will ignore CSR provisions and this will become an obstacle in the future in implementing CSR. There are no clear government regulations regarding supervision of the implementation of social and environmental responsibility (CSR) programs in Indonesia. UUPT does not provide clear regulations regarding the implementation of CSR, even PP no. 40 of 2012 concerning limited corporate social and environmental responsibility regulates the implementation of CSR only on things that must be done by the company. For example, CSR activities must be approved by the board of commissioners or the GMS. However, there are no provisions in these implementing regulations that regulate the company's obligations to the central government. Apart from that, it does not discuss the responsibility of the central government to supervise companies in implementing CSR.

The central government and regional governments thoroughly evaluate whether companies that do not fulfill their legal obligations to implement CSR will receive criminal sanctions or non-criminal sanctions, such as suspension, termination, or revocation of incentives or subsidies. On the other hand, if a company fulfills its obligations to carry out CSR, the government will provide rewards in the form of incentives, subsidies, discounts or tax cuts. Basically, CSR is no longer interpreted as a voluntary will, but as a legal obligation to be implemented. To achieve the goals of norming, CSR as regulated in regulations must be implemented correctly. Therefore, a shift from ideas that were initially voluntary to mandatory can have an impact on the development of society. Understanding that not all companies have the awareness to implement corporate social responsibility. Views on the nature of volunteerism (voluntary) to CSR implementation is interpreted as something that can be interpreted by each individual, not as compliance with statutory provisions. Appearance Negative externalities are still a major feature of most company operations in Indonesia. Negative social and environmental impacts have not been managed adequately, as it were not the company's responsibility. so that CSR becomes an obligation of the Company.

Regarding the company's legal obligations in implementing CSR as stipulated in statutory regulations, where as a consequence of this legal responsibility, every company which is a legal subject has liability (legal responsibility) with the application of sanctions therein. In general, sanctions in law are usually associated with or as a consequence of a norm that is written in the form of a prohibition, command (compulsory), or obligation. Norms in particular contain obligations, because the company's obligations to implement CSR will generally be difficult to implement without sanctions. Sanctions are a reaction, result, or consequence of violating social rules. Sanctions consist of several elements, including reactions, consequences and consequences of violations or deviations from social rules, both legal and non-legal. Sanctions are also a force or tool to force someone to comply with certain social rules. Sanctions related to law differ from private sanctions to public sanctions.

## CONCLUSIONS AND RECOMMENDATIONS

Based on the explanation above, it can be concluded that Limited Liability Companies have an obligation to implement CSR. This is stated in Article 74 of Law No. 40 of 2009 concerning Limited Liability Companies. However, if a Limited Liability Company does not implement CSR, there are no legal sanctions related to Limited Liability Companies that do not implement CSR. If there are no regulations that enforce it, many companies will ignore CSR provisions and this will become an obstacle in the future in implementing CSR. The government thoroughly evaluates whether companies that do not fulfill their legal obligations to implement CSR will receive criminal sanctions or non-criminal sanctions, such as suspension, termination or revocation of incentives or subsidies. On the other hand, if a company fulfills its obligations to carry out CSR, the government will provide rewards in the form of incentives, subsidies, discounts or tax cuts.

## ADVANCED RESEARCH

This research discusses law enforcement for limited companies that do not implement corporate social responsibility. This research is to obtain legal certainty for the future.

## ACKNOWLEDGMENT

We would like to thank all parties involved in this research.

## REFERENCES

- Andarwati, Hj. Anik Lestari. "Pengaruh Etika Bisnis dan Perilaku Etis Manajer Terhadap Perusahaan Pada Lingkungan Sosial". *Jurnal Bisma*, Vol 1 No 1.
- Auliya Rahmalia, 2023, *Urgensi Pengaturan Sanksi Bagi Perusahaan Yang Tidak Melaksanakan CSR*, *Unes Law Review* Vol. 6 no 2.
- Badan Pusat Statistik. 2018. *Indikator Kesejahteraan Rakyat*, 2018. Tersedia pada <https://www.bps.go.id/publication/2018/11/28/f6adb407ea72d9b6677a270/indikator-kesejahteraan-rakyat-2018.html>.
- Dhonie Martien, 2023, *Hukum Perusahaan*, PT Raja Grafinda Persada, Jakarta, h.42
- Dwina Dahen, L. 2022. *Aspek Yuridis Terhadap Keberadaan Corporate Social*.

Frans Satrio Wicaksono, 2009, *Tanggungjawab Pemegang Saham, Direksi, dan Komisaris PT(PT)*, Visimedia, Jakarta.

Herman, 2018, *Manfaat Corporate Social Responsibility oleh Stakeholder Primer dan Sekunder (Studi Kasus Pada PT. Asia Sawit Makmur Jaya Provinsi Riau)*, Jurnal Ilmiah Manajemen Publik dan Kebijakan Sosial Vol. 2 No. 2 .

I Made Pasek Diantha, 2017, *Metodelogi Penelitian Hukum Normatif dalam Justifikasi Teori Hukum*, Cetakan Kedua, Kencana, Jakarta.

Jumadiyah,et.al, 2018, *Penerapan Prinsip Corporate Social Responsibility Di Provinsi Aceh*, Unimal Press, Lhoksumawe.

Lela Nurlaela Wati, 2019, *Model Corporate Social Responsibility*, Myra Publisher.

Martono Anggusti, 2019, *Pengelolaan Perusahaan & Kesejahteraan Tenaga Kerja*, Bhuana Ilmu Populer, Jakarta.

Muchamad Taufiq. 2019. *Kedudukan Hukum Corporate Social Responsibility pada BUMD berdasar Undang-Undang RI Nomor 40 Tahun 2007*. Jurnal ilmu management.

Muhammad Ridwan,et.al, 2021, *Pertanggungjawaban Pihak Diluar Akta Dan Organ Perseroan Terbatas Terhadap Perikatan Perseroan Terbatas*, Jurnal Legal Reasoning Vol. 3, No. 2.

Mulhadi, 2019, *Hukum Perusahaan-Bentuk-Bentuk Badan Usaha di Indonesia*, P.T Raja Grafindo Persada, Jakarta. *Resonsibility (CSR) Dalam Pengembangan Masyarakat*. Jurnal Eksekusi, 4(1).

Sandra Dewi,et.al, 2021, *Aspek Hukum Perseroan Terbatas*, Insan Cendekia Mandiri, Sumatra Barat.

Sisca, et.al, *Corporate Social Responsibility Perusahaan*, Widina, Bandung.

Suhadi, Antonius. "Model Corporate Social Responsibility (CSR) Perusahaan Tambang Batubara di Kabupaten Lahat Terhadap Pemberdayaan Masyarakat Berbasis Kearifan Lokal", Jurnal Dinamika Hukum, Vol. 14 No. 1, Januari 2014.