

Corporate Social and Environmental Responsibility Regulation and Implementation in Indonesia: Contribution for Sustainable Development or Legalized Robbery?

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Abstract: Initiated from Burtland Reports in 1987, sustainable development is the idea that human societies must live and meet their needs without compromising the ability of future generations to meet their own needs. Corporate Social and Environmental Responsibility (CSER), or commonly known as CSR is the implementation of sustainability development. CSR in Indonesia are perceived merely from financial aspects. Condition is even worsening due to the fact that there is no limitation regulation on how much a company shall contribute, or who will authorize how much has the company contribute while the total amount will reduce their taxable income? Every Province, City and Regent also has different regulations relating to Corporate Social and Environmental Responsibility, which leads to overlapping regulations with Central Government Regulation. Not to mention another burdensome compulsory cost, national or territorial tax. Those overlapping regulations are applicable to the same object, Company or Corporation. No wonder, planning for enactment of Corporate Social and Environmental Responsibility has faced many rejections, particularly from business actors. Undeniably, there must be balance on regulations and implementations of Corporate Social and Environmental Responsibility, or this might also affect the assessment of ease of doing business in Indonesia. Some recommendation on this matter will be offered in this article. This article would use the statute and comparative approach, in a normative scheme.

1 INTRODUCTION


Sustainable Development seems to be unpopular issues in Indonesia. As aforementioned, sustainable development is the idea that human societies must live and meet their needs without compromising the ability of future generations to meet their own needs. Despite of its unpopularity, Indonesia has enacted Presidential Decree No. 59 Year 2017 regarding Implementation of Sustainability Development Goals.

Corporate Social and Environmental Responsibility, also known as Corporate Social Responsibility ("CSR") is a concept that were implemented in Indonesia since 1990s, but later ruled in Law No. 40 Year 2007 concerning Limited Liability Company. Following regulations in CSR will be elaborated in this article. These provisions

also include sanction on companies who violates the provision.

However, the concept of CSR in Indonesia is merely seen as source of fund that is available for government and local people in context of social and environment which is obviously far off from the characteristic of CSR as implementation of sustainable development goals.

CSR, having no clear implementation regulation at present, is being implemented and interpreted in different way, in provincial government, or city/regent government of Indonesia. Some of them have clearer regulation, and some of them even claim that CSR fund has to be accrued in State Budget. These overlapping regulations has been troublesome for companies because there is no authority can confirm that their contribution by CSR has reached a proper amount.

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Having a business in Indonesia means that you also must be ready for local people, who claim for charity or contribution from your company in the name of CSR. Main problem of this condition is that no institution could confirm who is eligible and who is not. And how much is proper enough for a company in a year to contribute social and environmental activities? And how about the accounting issues, whether such charity or contribution may be posted as cost in the balance of payments, as it would not be taxable, but is that always the case?

Tax will not be discussed in this article; however, it is no secret that companies are always profit oriented. Companies are different in their nature with foundations, another type of legal entity available for social purposes in Indonesia. If there is any possible legal recourse to reduce the cost whatsoever, including to reduction of tax, every business will choose it. Therefore, keeping on perception that companies are alternative source of funding, would be contrary to better investment climate. When larger investment invited, the most important question is what do we have to offer them?

Undeniably, there must be a balance of interest between company's intention for profit making, governments and local people's interest in CSR fund, and the big concept of sustainable development. If there is no blueprint which is concrete enough to be implemented, the concept of CSR in Indonesia will be lost on translation or might even affect the Ease of Doing Business index as published by World Bank Group.

Some possible solutions would be proposed after the conclusion of research questions abovementioned has been reached.

2 METHODS AND MATERIALS

Main research questions of this research are whether Indonesian CSR Regulation and Implementation has been in line with the sustainable development goals. The second question which is featured in the title, how shall CSR Regulation in Indonesia so that it would not be legalized robbery for investors, either local or foreign investors. The third issue is how would we balance all the interest of CSR's stakeholders?

As well as other legal research, this article will be elaborated using the conceptual and statute approach. Comparative method will be added in some parts and all problem will be observed and resolved in normative scheme.

2.1 CSR Regulation and Implementation in Indonesia

Nowadays, terminology of CSR is quite popular in business activities in Indonesia. CSR in the past was merely refer to social function of companies, as a balance to its function as economic tools for profit making. This terminology was growing broader as Indonesian Company Law No. 40 Year 2007 had included company's environmental responsibility. Even though the definition does not change legally since then, CSR is not a single independent concept. CSR is inherently related with Sustainable Development Goals (SDG), which the vision of leave no one behind, try to balance every stakeholder. Former scope of CSR is enlarged in many aspects, as it presently includes seven cores that are human rights, labour practices, environment, fair operating practices, consumer issues, community development and involvement (ISO, 2018). In practice, CSR deals with all cost centres of a company, while profit centres are the core of the company. Due to its expenditure nature side of the business, no wonder, CSR is considered unfavourable, in short term. However, when one considers for long term objectives, as it is in SDG, CSR is definitely crucial.

CSR was originated from the idea of Andrew Carnegie, Founder of U.S. Steel, the author of *The Gospel of Wealth*. As early as 1899, he delivered in that book two basic principles of corporate responsibilities, charitable principles, and stewardship principles, as referred in Citeman (1999). These CSR concepts were evolving gradually since then, although was considered as exception to mainstream culture during those time.

Donation and charities have been practised as culture in Indonesia before CSR regulation was enacted. Initiatives on CSR in Indonesia was begun as early as 1999, when Ministry of State Owned Enterprises (SOE) of Indonesia issued a Ministerial Decree No. Kep-216/M-PBUMN/1999, followed by promulgation of Law Number 19 year 2003 concerning SOEs and later by issuing SOE Minister Regulation Number Per-05/MBU/2007 concerning SOEs partnership with small enterprises and environmental management program. As referred by Ridho (2017), all aforementioned law and regulations stated that every SOE had to allocate 4% of its net profit on partnership with small and medium enterprises and environmental management programs, equally 2% each for partnership program and for environmental management programs.

2.1.1 CSR Regulation in Indonesia

CSR had been implemented in Indonesia voluntarily since 1990s, before any enactment of CSR in the Republic ever existed. The first regulation of CSR was Article 74 of Law No. 40 Year 2007 concerning Limited Liability Company rules as follows: "The Company having its business activities in the field of and/or related to natural resources, shall be obliged to perform its Social and Environmental Responsibility." On those days, it was a breakthrough in Indonesian legal system to enclose the provision. Supported by obligation to report in Annual Report (Article 66 par 2 b), unfortunately no clarity in the regulation, as it is only referring to appropriateness and fairness, and that CSR Provision will further regulated in Government Regulation.

It took another five years, before the Government Regulation No. 47 Year 2012 regarding Corporate Social and Environmental Responsibility of Limited Liability Company was enacted back then. Stated in this regulation that there will be sanctions for companies having its business activities in the field of and/or related to natural resources (Article 7), which violates this provision but there is no measurable standard on condition of which a company violates this provision. The procedure for CSR in this Government Regulation only applicable to companies on natural resources related field, which is unfair and partial from perspective of business, CSR shall be implemented by composing annual work plan which shall obtain approval from Board of Commissioners or General Meetings of Shareholders, and its implementation shall be included in Company's Annual Report and presented to General Meeting of shareholders (Article 6). In conclusion, there is no external control mechanism to CSR scheme of companies. Therefore, there might be companies submit fully to the provisions, and those who don't, and both are still treated equally by the government. Well, there is a mechanism of carrot and stick in this regulation, as there is a sanction involved, but there is no clarity on the regulation on how the sanction will be imposed. There will be also awards for Companies implement this CSR, but would it be worth for the Company?

Considering Company's nature in profit making, CSR award does not sound promising yet. CSR award is prestigious for public companies, as it would leverage their corporate values, but CSR are not

merely for listed companies, it even applies to any kind of companies¹. The vision of CSR as implementation of sustainable development goals, is also too far-reaching objectives for people and common business actors of Indonesia. Different view is applicable in many developed countries, but reality is as it is in Indonesia.

Back again to the issue of natural resources industry, Indonesia Constitutional Court's verdict No. 53/PUU-VI/2008 was based on Article 33 par. (3) 1945 Constitution. The basic principle here is the more you take, the more you must pay back. However, as there is no CSR obligation on companies in non-natural resources related business, this is also unfair for the natural resources business. There must be a balance between those two classifications, as all the companies have taken from Indonesia, they also have obligations to pay back to Indonesia, although it might be in different prerequisite conditions. This opinion is in line with Constitutional Court Verdict, as they said that obligation in implementing CSR is also applicable to other business entities, such as Cooperatives, Commanditaire Vennootschap, Firm and Business based on Article 15 Law No. 25 Year 2005 regarding Investment, which stated every investor is obliged to: carry out corporate social responsibility. Fully agree to the provision, as it is all business' obligation to contribute to sustainable development (SDG) in Indonesia.

Law No. 22 Year 2001 concerning Oil and Gas implies only one provision in Article 11 paragraph (3) letter p, which states, "Cooperation Contracts as referred to in paragraph (1) must contain at least the main provisions, namely: development of the surrounding community and guarantee of the rights of indigenous peoples." This is regarded as provision related to CSR, as development of surrounding communities and guarantee of right of indigenous people are always referred as part of CSR.

Moreover, Mineral and Coal Mining (Minerba) Law No. 4 Year 2009 does not explicitly mention CSR, as Oil and Gas Law. It uses terminology of community development and empowerment programs. Article 108 paragraph (1) of the Minerba Law states that "Holders of IUP (Mining Business Permit) and IUPK (Special Mining Business Permit) are required to prepare community development and empowerment programs." Article 1 point 28 of the Minerba Law defines community empowerment as "an effort to improve the capacity of the community,

¹ Economic Review and Marketing.co.id are two magazines which program to award companies' CSR Implementation.

both individually and collectively, so that their life level will be better." However, as CSR definition is broad, these articles is regarded to be referred as CSR provision.

Fortunately, such UU Minerba has been replaced by Law No. 3 Year 2020 regarding Amendment of Law No. 4 Year 2009. In this prevailing version, the Article 108 paragraph 1 was added provision of paragraph 2 which states that IUP and IUPK holders are required to allocate funds for the implementation of development programs and community empowerment in the minimum amount determined by the Minister. Although efforts to limit the CSR realization use minimum approach, this is better from the previous version. Paragraph (3) of this Article 108 states that compilation of the program as referred to in paragraph (1) is consulted with the Minister, the Government Region, and community. This is a something new, although still immeasurable, Government's good faith to protect company's interest is being clearer in this provision, as it required coordination between government officials and local communities concerning CSR realization. This will reduce hassle for companies in their good faith in implementing CSR.

In its implementation Regulation, Government Regulation No. 2003 Year 2010 regarding Implementation of Mineral and Coal Mining Business Activities, there is one special chapter, namely Chapter XII, which consists of four articles that regulate community development and empowerment. Article 108 of the said chapter states, "Every holder of a Production Operation IUP and a Production Operation IUPK is obliged to submit a report on the realization of the community development and empowerment program every 6 (six) months to the minister, governor, or regent / mayor in accordance with their authority." Violation of this obligation may be subject to administrative sanctions. This semester report will help coordination, which reduce overlapping and over charging.

Another provision of CSR is as stated in Law of 21 Year 2014 concerning Geothermal, of which Article 65 paragraph (2) letter b states: "In implementing Geothermal management, the community has the right to: get benefits from Geothermal exploitation activities through the company's obligation to fulfill corporate social responsibility and / or develop the surrounding community."

Most of the provisions mentioned above are natural resource related business, but this is not the case with Law Number 13 Year 2011 Concerning

Handling of the Poor. There are at least two articles that pertain to CSR in Law no. 13 of 2011. First, Article 36 paragraph (1) letter c, which states that one of the sources of funding in handling the poor is funds set aside from corporate companies. This provision is reinforced by Article 36 paragraph (2) which reads, "Funds set aside from corporate companies as referred to in paragraph (1) letter c shall be used maximally for handling the poor." Apart from that, there is also Article 41 which uses the term community development. Article 41 paragraph (3) explains that business actors participate in providing community development funds as a manifestation of social responsibility for handling the poor.

In addition, Regulation of the State Minister for State-Owned Enterprises No. PER-05 / MBU / 2007 of 2007 concerning the Partnership Program for State-Owned Enterprises (SOE) with Small-scale Businesses and Community Development Programs as last amended by Regulation of the Minister for State-Owned Enterprises No. PER-08 / MBU / 2013 of 2013 concerning the Fourth Amendment to the Regulation of the State Minister for State-Owned Enterprises No. PER-05 / MBU / 2007 concerning the Partnership Program for State-Owned Enterprises with Small Businesses and Community Development Programs ("Permen BUMN 5/2007"). This regulation regulates the obligations of Limited Liability Companies ("Persero"), Public Companies ("Perum"), and Public Company Companies ("Limited Liability Companies").

According to Article 2 of Permen BUMN 5/2007, Persero and Perum are obliged to carry out the BUMN Partnership Program with Small Businesses and the Community Development Program. Meanwhile, the Public Limited Liability Company can carry out the BUMN Partnership Program with Small Businesses and the Community Development Program based on the SOE Ministerial Regulation 5/2007 which was established based on the GMS decision. The BUMN Partnership Program with Small Businesses is a program to improve the ability of small businesses to become resilient and independent through the use of BUMN funds (Article 1 number 6 Permen BUMN 5/2007). Meanwhile, the Community Development Program is a program to empower the community's social conditions by BUMN through the use of BUMN funds (Article 1 number 7 Permen BUMN 5/2007).

Despite of the national regulations on CSR, it is noteworthy that local governments also have regulations on CSR. West Java and East Java Province are two provinces which are seriously regulate CSR. Local Regulations are something to be

watched, besides the national level regulation. For example, Article 23 paragraph (1) of East Kalimantan's Local Government Regulation No. 3/2013² even set bottom lines that CSR allocation shall reach at least three percent of the total profit annually.

Another issue which must be observed is new regulation of PT (limited liability company), according to Law on Job Creation No. 11 Year 2020, which allows PT being established by one person only, and with less capital than fifty million Rupiahs. This was even called PT UMKM or SME Company. Considering that SME Company is also obliged by Indonesian Limited Liability Act and Investment Act, means that CSR obligation is also applied to the SME Company, while in practice, CSR in Indonesia is obligatory and executable merely for natural resources related industry. CSR's application in Company Law only, as it is not stated in another regulation, implies that CSR is applicable for 'big businesses only. So how Indonesian CSR would be applied to this SME Company?

Examining on these articles, conclusively, Indonesian perspective of CSR is that it is a mere alternative funding for social or environmental issues, particularly in relation with natural business-related companies. Although, as stated beforehand, it is wrong to comprehend that CSR only applicable to natural business-related industry, as it is obligatory to every company in Indonesia. The problem is that no sanction imposed in case of violation, which makes these provisions are not executable. *Lex imperfecta*, the law that is imperfect and ineffective because it has no sanction, one said.

2.1.2 CSR Implementation in Indonesia

As one is aware of the character of Indonesian rules on CSR, we would also realize the fact of unclarity of CSR provision will influence its implementation. CSR in Indonesia is implemented in obligatory based or voluntary based, as a result that that obligatory companies are natural resources related companies according to Indonesian Company Law. Yet, as aforementioned, in essence CSR is applicable to any kind of business in Indonesia.

Astra Group, a leading automotive industry in Indonesia, always separate its business and social activities. Business affairs are managed in companies, while social affairs are managed in foundations³. Or in other words, they must form a new foundation to manage social related affairs. But that is only a model of it. There are many companies who directly involves in community development, with their own legal entity and trademark, to engage more with the community and to promote their companies more.

In the previous section, it is mentioned that Indonesian government and people's perspective on CSR is merely perceive CSR as source of funding for social and environmental related activities. This hypothesis was confirmed in a study to find the relationship between CSR implementation and company's performance, which results indicates that the understanding of majority of CSR managers in Indonesian listed companies regarding CSR was still limited to donation and community development activities (Ridho, 2017). It is long way to go from the current concept of CSR as implementation of SDG. Thorough understanding on CSR shall be pronounced from time to time or, misunderstanding on concepts of CSR would lead to legalized robbery to company's profit in the name of CSR.

Semanggi Interchange, which was built when Ahok was being Governor of DKI Jakarta, was one of example of CSR implementation in Indonesia. The construction of this road did not use the APBD at all. As cited by A.D. Afriyadi, *Detikfinance* (2019), based on the records of the DKI Provincial Government, this project was financed from a compensation fund for the excess building area coefficient (KLB) from PT Mitra Panca Persada, a Japanese subsidiary, Mori Building Company. However, this plan gained negative responses from some legislator, as some of them said that the fund shall be regarded as income of Provincial Government and accrued in State Budget⁴.

The current case has shown how CSR in Indonesia is interpreted differently even between executives and legislatives. Yet, this policy was deemed as positive breakthrough in view of others. This raised a question in my mind, is there any specific guidance on how we implement CSR? Or is there any competent authorities, with preventive character and out-of-

² This has been discussed by Permatasari E. in *Hukumonline* (2020) How much total CSR amount shall be budgeted by Companies?

³ In 2002-2007, I was a Corporate Legal Section Head of PT. Astra Honda Motor, handled Contractual and Entities Affairs of the Company. PT Astra Honda Motor

is a subsidiary of PT Astra International Tbk, holding company of Astra Group in Indonesia.

⁴ A well known public polemic was occurred between Basuki Tjahaja Purnama (also known as Ahok) as part of Governor of DKI Jakarta and Fahri Hamzah as People's Representative Council's Deputy Speaker during those time.

court, who becomes the authority in CSR implementation? And how much shall be contributed by companies for CSR, is there any specific target on how much shall be donated, so that the Company could reject any other CSR proposal? Does CSR Implementation always have to be in form of funding? And what if the funding accrued in State Budget is corrupted, as it is happen to many cases of social funding assistance? Is donating included in category of CSR implementation, or not? There are many questions involved in CSR implementation.

Another phenomenal CSR case was PT Djarum which was alleged to conduct child exploitation by Indonesian Child Protection Commission (KPAI). The allegation was never confirmed, but this was also CSR implementation case, as Djarum Foundation is a separate legal entity with PT Djarum, and Djarum Foundation is the one who hold the badminton audition, the event accused by KPAI to be exploited by PT Djarum. Exploitation alleged was simply using promotional materials in children's badminton sports attire. Djarum Foundation even terminated its Badminton Audition in 2019 due to KPAI's recommendation. The dispute was resolved in mediation with the good offices of Minister of Youth and Sport Imam Nahrowi, which results that Badminton Audition will not use Djarum's trademark, brand image of Djarum⁵. Will this case be 'persuasive' precedents in Indonesia, that all CSR shall detached from its donator? So far, the use of trademark is justified, so that the Company can promote its brand, while also implement CSR. This kind of trade off is even exist in small school events, when you receive donation, you must give something in return, delivering your gratitude in form of attaching the logo or trademark of the Company. There must be further scrutiny on this precedent.

Nevertheless, none of examples were given to disregard the urgency of CSR implementation in Indonesia. When CSR was introduced in 2007, this concept was foreign and might be unacceptable for some business actors as it is contrary to their nature of profit making. However, the tendency changes gradually. More enthusiasm in CSR can be seen in some factors. This is authorised by Ridho (2017)'s study to CSR implementation in Indonesia from 2014-2015 which has resulted on CSR implementation had positive and significant impact on company's financial performance, measured both by ROE and ROA and there was a change of the impact of CSR to customer, from no influence in

2014 to become positively influenced the customer in 2015. As an addition, since 2017, Sucofindo is expanding on CSR social mapping. This service is combined with ISO 26000 which was not intended for international certification but a guidance⁶. Most likely, many event organizer's on CSR awards has educated and gradually changed Indonesian's perspective on urgency of CSR. However, so far the perspective remains the same, CSR is source of funding, or viewing companies as a mere object on CSR Regulation.

2.2 Sustainable Development Goals in Indonesia

In 2015, all members of United Nation universal adopted Sustainability Development Goals, as universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The 17 SDGs are integrated—they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. Those 17 SDGs are:

1. End Poverty in all its form everywhere;
2. End hunger, achieve food security and improved nutrition and promote sustainable agricultures;
3. Ensure healthy lives and promote well-being for all at all ages;
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
5. Achieve gender equality and empower all women and girls;
6. Ensure availability and sustainable management of water and sanitation for all;
7. Ensure access to affordable, reliable, and sustainable modern energy for all;
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;
10. Reduce inequality within and among countries;
11. Make cities and human settlements inclusive, safe, resilient and sustainable;
12. Ensure sustainable consumption and production pattern;

⁵ According to Detik, this conflict was settled in Mediation.

⁶ Sucofindo is one of certification institution in Indonesia to obtain ISO certification

13. Take urgent action to combat climate change and its impacts;
14. Conserve and sustainably used of the oceans, seas and marine resources for sustainable development;
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss;
16. Promote peaceful and inclusive societies dor sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all;
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

In supporting SDGs, Indonesia has special website to support fulfilment of targets of SDGs, <https://www.sdg2030indonesia.org/>. To facilitate implementation and monitoring in Indonesia, according to Bappenas, 17 Goals and 169 targets of the SDGs are also grouped into four pillars, namely:

1. Social development pillars: covering Goals 1, 2, 3, 4 and 5
2. Economic development pillars: covering Goals 7, 8, 9, 10 and 17
3. Environmental development pillars: covering Goals 6, 11, 12, 13, 14 and 15
4. Law development and governance pillars: encompassing Goal 16

Presidential Regulation Number 59 of 2017 concerning the Implementation of the Sustainable Development Goals shows the consistency of the government in institutionalizing the SDGs agenda into the national development program. This SDGs Presidential Decree emphasizes the involvement of all stakeholders, through four participation platforms, namely, the Government and Parliament, Philanthropy and Business, Mass Organizations, Academics and Experts in order to make the implementation of the SDGs agenda successful. In addition, the SDGs Presidential Decree aims to maintain the improvement of people's welfare in a sustainable manner, to maintain the sustainability of the social life of the community, to maintain the quality of the environment and to develop inclusive and to implement governance that is able to maintain the improvement of the quality of life from one generation to the next⁷.

⁷ SDGS has been included in National Medium Term Plan 2020-2024.

2.3 Correlation between CSR and SDGs

Obviously, CSR is in line with SDGs. CSR is claimed to be corporate concept of sustainable development. Referring to Behringer, K., & Szegedi, K. (2016), CSR is a business model which promotes business contributions to sustainable development i.e, it creates a balance between economic interests, environmental needs and social expectations by integrating the spirit of Sustainable Development into the business strategy.

Interaction between the concept of CSR and sustainable development has strengthened in recent years. This is proven by the fact that CSR is deemed as an integral part of sustainable development. Corporate sustainability is the company version of sustainable development, while CSR is a voluntary managerial approach to sustainable development. Corporate responsibility and corporate sustainability are regarded as the same concept, as stated by Behringer, K., & Szegedi, K. (2016).

Obviously, CSR, as the company's version, is an integral part of SDGs. To reduce the concept of CSR merely as alternative source of funding for governments and local people, would impact on reduction of SDGs. SDGs was never established as short term objectives, neither was CSR. Involvement of ISO 26000 in strengthening concept that CSR is integral part of SDGs is inevitable. Otherwise, Indonesia would be stagnant in CSR regulation and implementation.

If there is no improvement on clarity of CSR Regulation and Implementation in Indonesia, the direct impact is each company's version in implementing CSR. As Company is being viewed merely as an alternative source of funding, this would enlarge business risk burdens both for local and foreign investors. To be precise, foreign investors have many other choices, other than Indonesia as host of investment. Clearly, business actor will choose any place which facilitate and accommodate his/her interest, with legal and economic predictability. Therefore, this is also an option for Indonesia, whether to make is easier for foreign (and local investor, definitely) to predict their business risk by providing clear CSR system, or just let it to the market, as it happens at the moment. By leaving it to invisible hands, current investor may remain investing in Indonesia, but no new investors, because there is no certainty or at least predictable business

risk including CSR. This might need further study on how much the opportunity loss by Indonesian scholars, as a base of recommendation for government, when Indonesia abandons legal certainty on business risk regulation and implementation, including on CSR.

2.4 Stakeholders of CSR in Indonesia

As we have discussed above, there are some stakeholders of Company's CSR in Indonesia, which comprises:

1. National Government
2. Provincial Local Government
3. City/Regent Local Government
4. Local Communities/People
5. The company

3 RESULTS AND DISCUSSION

After listing all the CSR's stakeholder in the previous section, let us move to the regulations enacted by Stakeholders number one up to number 4. Starting with last number as local people has no authority to enact any regulation whatsoever, but they may ask for charity, in the name of CSR, as CSR was meant for community development, social cultural arrangement, surrounding community empowerment, environmental measures and so on. Please note that there is no blueprint on most activities, which might end up that those activities were only social arrangements, without having any particular objectives. Considerably, this is far from SDGs' objectives, because those social arrangements most likely do not relate directly to the targets of SDG's. There are 169 targets of SDG, so there are plenty to be chosen whatsoever.

This might also raise another question, does charity/philanthropy action counts as CSR? Cause if it is not, then business risk of company is even greater. Aforementioned, in Indonesia, running a big business means that directors have to be ready of local people's visits to ask for philanthropy or charity at any time. This is also unpredicted amount of funding which must be expended.

Number one, National Government, has all the central regulations as legal base on CSR implementation, however, as I have mentioned, none of those regulation stated in Section 2.2. of this Article is clear enough on how CSR shall be implemented in Indonesia. No methods of

implementation described, and no measurement on target of CSR fulfilment of each company.

Another critic to the regulation is that it only rules on company in natural resources related business, which makes other companies has no obligation in CSR. Although this was mentioned on Investment Act, it was only one article while CSR is regulated in more than five Acts in Indonesia which refers to natural resources related business. It is so human that most of companies will interpret the law according to their own interests.

Another drawback of national CSR Regulation is that it has no blueprint, which makes possibilities of overlapping with local regulation as applied by local governments. Provincial Government and City/Regent Government also applies CSR Regulation and Tax to the same object, Companies. And according to the phenomenal Job Creation Act, definition of limited liability company is even broader, as there is possibility for SME who has capital under than 50 million Rupiahs to establish a limited liability company. An ease of doing business for sure, but it also raises the mandatary obligation to submit to the CSR provision. When you have small capitals, and many people asking for your charity, imagine how devastating it will be for beginner businessman. However, this might no be applicable, if we interpret that Company Law CSR regulation only applies to natural resources related business. Though, this is unequal treatment for natural resources related business, in my opinion.

Consistency between national, provincial and city/regent will also have to coordinated. There must be big design on company's CSR, and therefore it must be measurable and predictable. Otherwise, the interest of Company as the last stakeholder will be forsaken. Business actors are abused when there is no coordination between government authorities. There are some measures required in this case, such as regulations on maximum percentage of net profits use for CSR implementation. This was already used by some local governments, such as Government of East Kalimantan Province, and was regulated in 1999 Minister of SOE's regulation and need to be followed by another region. If the SOE's CSR is limited, then the private sector companies shall be treated equally. Therefore, there will be a limit of business risks for investors, either local or foreigner, when they invest in Indonesia.

CSR, as abovementioned are company's version of SDGs. Conservative perception that Company must be rich and therefore shall do charity is the mindset that has to be depleted in Indonesian people mindset. Companies do have their limits. Therefore,

it is Government's responsibility to protect both interest of government, local government, local people and the company.

Pursuing SDGs without referring to company's nature of profit making is also unrealistic. No one would feel voluntary when he is robbed, either legally or illegally. Therefore, as a sovereign welfare state, Indonesia has responsibility to protect all its citizens, including the companies.

4 CONCLUSIONS

In the light of those arguments, all in all, to conclude the following matters:

1. CSR is in line with SDGs. CSR is claimed as mini version of SDG. Balancing the same thing, economic social and environmental aspects, CSR is applicable for companies, while SDG applies to member states of United Nations. Hence, CSR is the micro version, and SDG is the macro version.
2. Indonesian Regulation on CSR shall be revised to get more measurable limitation on CSR realisation. Limitation would lead to legal certainty that would reduce business risk of both foreign and local investor. Moreover, Indonesia's conservative mindset on company's obligation to do charity must be altered and be balanced with company's interest in profit making. Overcharging CSR will be deemed as legalized robbery in Company's point of view.
3. Central/national Government shall coordinate with local government, either in Provincial Level or City/Regent Government, so that there will be no overlapping and over charging of CSR implementation to a company. Overcharging and overlapping might end up in legalized robbery to the Company. Coordination of governmental authorities and community has been realised in Minerba Law, which also include semester report on CSR implementation, but only applied in this limited sector. More sectors, or general application in Indonesian Limited Liability Company is highly expected.

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