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Convergence Of Legal Paradigms Related To Corporate Social Responsibility In Order To Creating Justice

Sunaryo^{1*}
Kasmawati²

^{1*},²Faculty of Law, Universitas Lampung,
Email:sunaryo.fhunila@gmail.com, kasmawati.kukuh@gmail.com

***Corresponding Author:** Sunaryo

*Faculty of Law, Universitas Lampung, sunaryo.fhunila@gmail.com

Abstract

The research aims to examine the convergence of legal paradigms related to corporate social responsibility (CSR) in order to realize justice. CSR is a form of accountability to society or social by corporations or companies. The social aspect in this case includes a balance between economic and environmental responsibilities that have only been understood simply and seem to deceive the community. Therefore, a meeting point is needed regarding the ideal CSR paradigm between the corporate or company and the community. The problem that will be in this study is how the convergence of legal paradigms related to CSR in order to realize justice. The research method used is a normative research method related to the CSR paradigm using a statute approach and case approach and analyzed using content analysis.

Keywords: convergence, paradigm, corporate social responsibility

A. Introduction

Every company is established with the aim of getting maximum profit. Therefore, to generate profits, the Company always tries to find opportunities and opportunities to do something that can provide added value. ¹ This can happen because in general companies still apply capitalist principles in carrying out their activities, namely the achievement of maximum profits at the minimum possible cost by justifying all means.² This can cause negative impacts such as damaging the environment that is difficult to control, such as air pollution, noise pollution, soil pollution, water pollution, poisoning, exploitation of natural resources, discrimination, arbitrariness, illegal food products consumer fraud. The negative impact is so great in people's lives, therefore it is natural for people to want this negative impact to be controlled, so that the negative impact does not increase. These negative impacts can cause social costs.³

The main purpose of establishing a company is to make a profit. Financial gain is the main motivation for entrepreneurs to start a business. The establishment of a company provides an opportunity to develop a business model that generates significant revenue. These profits can be used to expand a business, reinvest in a company, or meet personal needs and ambitions.⁴ In addition to financial benefits, the establishment of the company also aims to create jobs.

¹ Lindgreen, Adam, and Valérie Swaen. Corporate social responsibility. *International journal of management reviews* 12.1 (2010): 1-7.

² Daniri, Mas Achmad. "Standardization of corporate social responsibility. *Indonesia: Indonesian Chamber of Commerce* 2.1 (2008): 1-36.

³ Oktariani, Ni Wayan, and N. P. S. H. Memba. The influence of corporate characteristics and environmental responsibility on corporate social responsibility disclosure. *E-Journal of Accounting Udayana University* 6.3 (2014): 402-418.

⁴ Sukirni, Dwi. "Managerial ownership, institutional ownership, dividend policy and debt policy analysis of firm value." *Accounting Analysis Journal* 1.2 (2012). 45-54

Successful companies are able to provide jobs to the community, help reduce unemployment, and improve economic welfare. Creating job opportunities is an important contribution to economic growth and social development. Another goal is innovation and the development of new products or services. In an ever-evolving world, companies can be catalysts in creating new solutions, delivering better products, or providing innovative services. The establishment of a company provides space for entrepreneurs to explore new ideas and generate added value for society. The establishment of a company can also be a means to realize a broader vision and mission. Many entrepreneurs start companies with the goal of achieving social change, involving themselves in charities, or supporting environmental issues. In this case, the purpose of establishing a company goes beyond personal gain and focuses on the positive contribution that the company can make to society and the environment.⁵

In addition, the establishment of a company can also be a means for self-development and personal achievement. Many entrepreneurs have aspirations to test their skills, leadership, and creativity. Company establishment provides an opportunity to take on new challenges, broaden horizons, and achieve personal success. Overall, the objectives of establishing the company include generating financial benefits, creating jobs, encouraging innovation and product development, realizing a broader vision and mission, and self-development. In developing a company, it is important to have a clear understanding of these goals in order to guide decision making and achieve the desired success.

The company has a significant role in the surrounding community. They are not only responsible for making a profit, but also for making a positive impact and contributing to the communities in which they operate. Here are some of the company's roles for the surrounding community, including creating jobs for the surrounding community. By providing jobs, companies help reduce unemployment, increase individual incomes, and promote economic growth within communities. Companies can also play a role in infrastructure development in their surrounding areas. Through investment and involvement in infrastructure projects, such as roads, bridges, or public facilities, companies can improve accessibility and economic progress within communities. Successfully operating companies also contribute to state revenues through the payment of taxes. These tax revenues can be used by the government to finance development projects, public services, and social programs that benefit society as a whole.

Companies can establish partnerships with surrounding communities to identify existing needs and challenges. By working with local parties, companies can contribute to community development through programs such as job training, skills development, social assistance, or support for local initiatives.⁶ Companies also have a responsibility to protect the environment around them. In order to maintain sustainability, companies must comply with environmental regulations, reduce their negative impact on the environment, and encourage environmentally friendly business practices. Companies must operate with high ethical principles and integrity. They must comply with the law, engage fair business practices, and maintain ethical standards in their dealings with employees, customers, and other relevant parties. This reflects their role in promoting integrity and building trust in the community.

Through these roles, companies can help improve the quality of life and improve the welfare of the communities around them. It is important for companies to understand and fulfill their social responsibilities in order to make a sustainable, positive contribution in the communities in which they operate. The existence of such companies also incurs social costs, and can also cause social

⁵ Badruddien, Yusuf, Tieka Trikartika Gustyana, and Andrieta Shintia Dewi. "The effect of good corporate governance, leverage and company size on company value (Empirical study on the consumer goods industry sector on the Indonesia Stock Exchange for the period 2012-2015)." *eProceedings of Management* 4.3 (2017). 12-20

⁶ Sari, Rafika, and Nila Sastrawati. "Grab's Online Transportation Company partnership system in the perspective of Islamic law." *Iqtishaduna: Scientific Journal of Sharia Economic Law Students* (2021): 184-197.

benefits.⁷ Social benefits are contributions or positive benefits from the company's existence to society. The form of corporate social benefits can be carried out in various physical and non-physical activities. Social benefits emerge as a form of corporate social responsibility with the environment or known by stakeholders. *Corporate Social Responsibility* (CSR) is a community effort to improve the standard of living of the stakeholder community.⁸

Stakeholders include owners, employees, suppliers/distributors, consumers, government, media and society at large. In addition, the company also participates responsibly to the wider community does not or does not make financial contributions to agents. Responsibility covers the social humanitarian aspects of society which includes aspects of community life, which refers to health, hygiene, ethics, aesthetics and social morality. Corporate social responsibility refers to all relationships that occur between a company and all *stakeholders*, including customers, employees, communities, owners or investors, governments, *suppliers* and even competitors. Based on the description above, the problem in this study is the convergence of legal paradigms related to CSR in order to realize justice.⁹

B. Research Method

The research method used is a normative research method,¹⁰ using a *statute approach* related to the convergence of legal paradigms related to *corporate social responsibility* in order to realize justice. The *statute approach* is to examine matters concerning legal principles, legal views and doctrines, and laws and regulations related to ideal social responsibility, with accurate and accountable data.¹¹ In addition, an in-depth examination of the legal facts is also held to then seek solutions to the problems that arise in the symptoms concerned.¹²

C. Result and Discussion

1. The Urgency of Corporate Social Responsibility in Social Society

Companies in carrying out CSR certainly have motivation. Because whatever the company's purpose in implementing CSR is closely related to the motivation it has. To determine the benefits of companies that implement CSR, because no one can guarantee that if companies that have implemented CSR well will get certainty of the benefits. For this reason, there are several motives for implementing CSR, including maintaining and boosting the company's reputation and *brand image*. Destructive actions will reduce the company's reputation. Vice versa, a positive contribution will boost the company's reputation. This is the main non-financial capital for the company and for its *stakeholders* which are added value for the company to be able to grow sustainably.¹³

Deserves a *social licence to operate*. The community around the company is the main community of the company. When they benefit from the existence of the company, then surely they naturally feel ownership of the company. As a reward given to the company, at least is the company's freedom to run its business in the region. So CSR programs are expected to be part of social insurance that will produce harmony and positive perceptions from the community towards the

⁷ Putri, Ida Ayu Sasmika, and Bambang Suprasto. "The Effect of Corporate Social Responsibility and Corporate Governance Mechanisms on Corporate Value." *E-Journal of Accounting Udayana University* 15.1 (2016): 667-694.

⁸ Vijaya, Mary. Factors affecting social responsibility disclosure in manufacturing companies listed on the Indonesia Stock Exchange. *Scientific Journal of Accounting Students* 1.1 (2012): 26-30.

⁹ Oktariani, Ni Wayan, and N. P. S. H. Memba. "The influence of corporate characteristics and environmental responsibility on corporate social responsibility disclosure." *E-Journal of Accounting Udayana University* 6.3 (2014): 402-418.

¹⁰ Soetrisno, *Research Methodology*, (Yogyakarta, UGM, 1978), 49.

¹¹ Mukti Fajar and Yulianto Achmad, *Dualism of Normative & Empirical Legal Research*, (Yogyakarta, Pustaka Siswa, 2010), 34

¹² Abdulkadir Muhammad, *Law and Legal research*, (Bandung : Citra Aditya Bakti, 2004), 32

¹³ Rofiqkoh, Esti, and Maswar Obedient Priyadi. "The effect of profitability, leverage and company size on corporate social responsibility disclosure." *Journal of Accounting Science and Research (JIRA)* 5.10 (2016). 32-43

company's existence. Reduce the company's business risk. Companies must realize that failure to meet *stakeholder* expectations will be a time bomb that can trigger unexpected risks. If that happens, then in addition to bearing the *opportunity loss*, the company must also incur costs that may be double the cost of implementing CSR.¹⁴

One of the company's motives in implementing CSR and being an important part is to establish good relationships with regulators. The company was established based on permits granted by the government, and is expected to be able to contribute to development through the payment of obligations in the form of taxes and others, as well as consciously contribute to building concern for improving the welfare of the community and the environment. The role of companies in CSR programs is motivated by several interests. According to Mulyadi, at least three motives for the company's involvement can be identified, namely: the motive to maintain the security of production facilities, the motive to comply with work contract agreements, and the moral motive to provide social services to local communities.¹⁵

Concern for the community around the community can be interpreted very broadly, but briefly it can be understood as increasing the participation and position of the organization in a community through various efforts for the mutual benefit of the organization and community. CSR is not just a charity activity, where CSR requires a company in its decision making to seriously consider the consequences on all company stakeholders, including the environment. This requires the company to strike a balance between the interests of diverse external stakeholders with the interests of shareholders, who are one of the internal stakeholders. There are three important reasons why the business world must respond and develop social responsibility issues in line with its business operations, including the company is part of the community and therefore it is natural that the company pays attention to the interests of the community, business circles and society should have a mutualism symbiotic relationship, social responsibility activities are one way to reduce or even avoid social conflicts.¹⁶

In practice, good CSR will increase the added value of companies in an area because it will absorb labor, improve social quality in the area. Indeed, the substance of the existence of CSR is in order to strengthen the sustainability of the company itself by building cooperation between *stakeholders* facilitated by the company by compiling programs for the development of the surrounding community. At present in Indonesia, CSR practices have not become a common behavior, but in the age of information and technology and the insistence on globalization, the demand for companies to carry out CSR is getting bigger.

Based on the description above, it can be concluded that the urgency of CSR in people's lives is a form of concern for entrepreneurs to the community to cause a sense of loyalty to the community so that gaps do not arise from people who think that there is no public concern by entrepreneurs. The form of CSR should ideally not only be charismatic just a donation in the form of goods but a sustainable empowerment so that it can provide benefits and benefits for the long term.

2. Formulation of Legal Paradigm Convergence Related to Corporate Social Responsibility in order to Realize Justice

CSR is a business approach that aims to have a positive impact on society and the environment. However, in practice, errors often occur in the implementation of CSR. This abstract will discuss some of the common mistakes that occur in implementing CSR and their impact on the success

¹⁴ Kananda, Satria. "The concept of corporate social responsibility through the approach of Islamic legal philosophy." *Lex Renaissance* 4.2 (2019): 386-409.

¹⁵ Nadapdap, Binoto, and Sylvana MD Hutabarat. "Corporate Social Responsibility: Between Obligation and Voluntariness." *Juridical Journal* 2.1 (2015): 111-134.

¹⁶ Kangihade, Fitalina Filia. "Application of Corporate Social Responsibility Law in Relation to Environmental and Community Preservation in Indonesia." *Unsrat Law Journal* 1.3 (2013): 24-33.

of CSR programs.¹⁷ The first mistake is *greenwashing*, where companies give the impression that they are committed to environmentally friendly business practices, with no concrete action. This can undermine public trust in the company's CSR programs and reduce the positive impact that should be achieved. The second mistake is the lack of stakeholder involvement. CSR should involve various parties affected by the company's activities, including employees, consumers, local communities, and civil society organizations. If *stakeholders* are not actively involved in the planning and implementation of CSR programs, then the programs may not match their needs and expectations.¹⁸

Another mistake is the lack of transparency and accountability. Companies must be able to clearly communicate the objectives, activities, and results of their CSR programs. If companies do not provide honest and open reports about their CSR programs, then the community and related parties cannot evaluate the success or shortcomings of the CSR efforts. As well as focusing less CSR only on the image or short-term interests of the company.¹⁹ Some companies may simply see CSR as a tool to improve their image in the eyes of the public without prioritizing long-term positive impacts on society and the environment. This can reduce the value and sustainability of CSR programs. These mistakes can have a negative impact on the success of CSR programs and can damage a company's reputation. Therefore, it is important for companies to avoid such mistakes and implement CSR with integrity, good *stakeholder* engagement, transparency, and focus on long-term impact. So there needs to be a formulation that becomes a meeting point between the will of the community and more profitable company programs.

The formulation of the convergence of legal paradigms related to CSR is an approach to integrate CSR principles into the existing legal framework, with the aim of realizing justice in a business context. This convergence of paradigms involves the incorporation of social and environmental values into business practices as well as the adjustment of relevant legal policies. Here are the stages in the formulation of the convergence of CSR legal paradigms. Identify CSR Values: The first stage is to identify CSR values that are relevant and important in the business context. It involves considering aspects such as social justice, environmental protection, community welfare, and human rights. These values should reflect aspirations to achieve justice in the relationship between business, society, and the environment.²⁰

Once the CSR values are identified, the next stage is to establish clear and measurable CSR standards. This standard should contain guidelines for acting responsibly towards social and environmental interests in business activities. These standards can cover areas such as the environment, human rights, employment, community development, and business integrity. The convergence of CSR legal paradigms involves the integration of CSR values and standards into relevant legal regulations. This can be done through changes to existing legislation or through the development of new regulations that take into account aspects of CSR. It aims to encourage responsible and fair business practices and realize fairness in business interactions with society and the environment.²¹

In order to realize justice, effective legal instruments for supervision and enforcement of compliance with CSR principles also need to be developed. This could involve the establishment of regulatory bodies, reporting mechanisms, sanctions, or legal incentives to encourage

¹⁷ Main, Andrew Shandy. "Implementation of Corporate Social and Environmental Responsibility Based on Law Number 40 of 2007 to Improve the Welfare of the Community of Rumbai Pesisir District, Pekanbaru City." JCH (Journal of Legal Scholars) 4.1 (2018): 26-36.

¹⁸ Haliwela, Nancy Silvana. "Corporate Social Responsibility (CSR) Law Review." Sasi Journal Vol 17.4 (2011).21-32

¹⁹ Carolina, Verani, Riki Martusa, and Meythi Meythi. "Environmental Accounting: Solutions to the Problems of Corporate Social Responsibility Implementation in Indonesia." *Maksi* (2009): 22-34

²⁰ Sefriani, Sefriani, and Sri Wartini. "Model of Corporate Social Responsibility Law Policy in Indonesia." IUS QUIA IUSTUM Journal of Law 24.1 (2017): 1-28.

²¹ Nayenggita, Gina Bunga, Santoso Tri Raharjo, and Risna Resnawaty. "Corporate social responsibility (CSR) practices in Indonesia." Focus: Journal of Social Work 2.1 (2019): 61-66.

compliance with responsible business practices. Legal Education and Awareness: For the convergence of CSR legal paradigms to be successful, extensive legal education and awareness regarding the importance of responsible business practices and fairness in business is urgently needed. Increased understanding and awareness of CSR values as well as the importance of compliance with existing legal regulations will encourage better adoption and implementation.²² In conclusion, the formulation of the convergence of CSR legal paradigms aims to integrate CSR values into the existing legal framework, with the aim of realizing justice in a business context. This involves identifying CSR values, setting CSR standards, integrating CSR values in law, developing supervisory and enforcement instruments, and broad legal education and awareness. In addition, the formulation that can be given related to the convergence of social responsibility from companies to the community according to the wishes of the ideal parties can be in the form of government policies to encourage companies to provide social responsibility to the community to have an important role in creating a positive impact on sustainable development.

The government can issue regulations and standards that require companies to fulfill social responsibility. For example, regulations governing environmental protection, workers' rights, or other social responsibilities. By implementing this regulation, the government encourages companies to act responsibly in carrying out their business activities. The government can provide incentives and facilities to companies that implement social responsibility practices. This can be in the form of tax incentives, subsidies, or other supporting facilities. By providing this incentive, the government encourages companies to involve themselves in social and environmental activities that benefit the community.

Governments can require companies to report on their social responsibility activities openly and transparently. This includes reporting on social and environmental impacts, initiatives taken, and achievements achieved. By encouraging transparency, the government allows the public to evaluate and monitor the company's social performance. Partnership and Collaboration: Governments can encourage partnerships and collaboration between companies and related parties, including civil society organizations, nonprofits, and local communities. By providing better dialogue and cooperation, the government can strengthen corporate involvement in social responsibility activities that are relevant to the needs of the community.

Governments can promote education and awareness about social responsibility to companies and communities. This can be done through training programs, public campaigns, or seminars that highlight the benefits and importance of social responsibility. By increasing understanding and awareness, governments can encourage companies to adopt social responsibility practices. In order to achieve sustainable development, it is important for the government to implement policies that encourage companies to provide social responsibility to the community. By involving companies in social responsibility, it will create a broad positive impact in building a more inclusive, equitable, and sustainable society.

D. Conclusion

Based on the description above, the convergence of legal paradigms related to CSR in order to realize justice to the community is that the existence of a company can also have a negative impact on the community and the surrounding environment. Negative Impacts on Society include environmental pollution, companies that do not comply with environmental standards can cause air pollution, water pollution, and other environmental damage. This can damage local ecosystems, threaten biodiversity, and reduce the quality of life of surrounding communities. Some companies may use natural resources unsustainably, such as excessive water use or irresponsible forest use. This can lead to a decrease in the availability of natural resources and damage to ecosystems. In the face of these negative impacts, it is important for companies to adopt socially and environmentally responsible business practices. They must comply with applicable regulations and standards, engage relevant stakeholders, and implement policies that focus on sustainability and community welfare.

²² Muhammad, Cita Insaniah, Santoso Tri Raharjo, and Risna Resnawaty. "The implementation of Corporate Social Responsibility of PT. Indonesia Power UPJP Kamojang." *Share: Social Work Journal* 8.2 (2018): 195-202.

CSR in question does not only provide basic necessities or other food but benefits for the long term that can support the community's economy, for example by providing business training or the community is invited to carry out mutually beneficial business activities between the community and the company. In addition, the formulation that can be given is in the form of policies from the government to pressure companies to carry out social responsibility to the community. On the side to increase the company's commitment to social and environmental issues, the government can make policies by providing various forms of incentives and facilities to companies that have implemented CSR programs.

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