

## Regulation of Corporate Social Responsibility through Environmental Development Program: A Review from a CSR Perspective

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### Abstract

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The Company, as a business entity, must take on social and environmental responsibility, which is known as corporate social responsibility (CSR). Community empowerment programs are part of implementing CSR forms used in the Company's efforts to support sustainable development based on the 3P principles, namely Profit, People, and Planet. This research aims to analyze the implementation of the Community Development Program as a strategy in CSR management and the implementation of CSR arrangements in managing corporate responsibility in environmental aspects. The method in this research is normative juridical research. The approaches used are the Legislation Approach, Case Approach, and Concept Approach. Implementing the environmental development program is a strategic step that can have a long-term positive impact on the Company. A critical aspect of the Program is that it focuses on sustainable development. Companies involved in this activity are concerned with current environmental elements and aim to leave positive things for future generations. By adopting environmentally friendly practices and sustainability projects, companies can create positive impacts that are sustainable in the long run. Implementing CSR regulations in managing environmental responsibility is an essential step companies take to balance business sustainability and social and environmental impacts. CSR regulation in managing ecological responsibility is about more than just complying with rules or meeting market expectations. But also as an effort to create long-term value, build strong relationships with stakeholders, and become an agent of positive change in society.

### 1. Introduction

Companies, as business entities that operate and develop in society, have a social responsibility to society. As part of a business entity, the company has an inseparable role towards the environment. The relationship formed between the company and the environment creates harmony between the two.<sup>1</sup> Companies, as an element in the structure of business activities, realize that the focus is not only on profit but also includes responsibility for the sustainability of natural resources and social aspects. In the development of modern civilization, the existence of companies or business entities is the center of attention. One of the main issues that continues to receive attention is Corporate Social Responsibility (CSR), which will be referred to as CSR in this study. As part of the framework that regulates the relationship between the business world and society, the topic of corporate social responsibility undergoes conceptual changes that continue to

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<sup>1</sup> Armansyah Armansyah, "Implementasi Program Bina Lingkungan Sebagai Strategi Pengelolaan Tanggung Jawab Sosial Perusahaan," *Jurnal Rechten : Riset Hukum Dan Hak Asasi Manusia* 5, no. 3 (2024): 22-32, <https://doi.org/10.52005/rechten.v5i3.136>.

evolve along with the development of the business world itself.<sup>2</sup>

CSR, also known as Corporate Social Responsibility, is a form of corporate concern for the surrounding environment. It covers various aspects, including economics, law, ethics, and contributions to social issues.<sup>3</sup> Meanwhile, according to the Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies, CSR is defined as a company's commitment to participate in sustainable economic development to improve the quality of life and the environment that is beneficial, both for the company itself, the local community, and society in general. Meanwhile, The World Business Council for Sustainable Development (WBCSD) revealed that CSR is a form of sustainable commitment taken by companies to participate in sustainable economic development. This includes efforts to improve the welfare of employees and their families, as well as having a positive impact on the surrounding (local) community and society as a whole. the concept of CSR is a gift from the company to the social environment in various forms of assistance, both assistance with direct needs that are temporary (charity) and assistance in the context of social investment activities for the community (philanthropy). with good CSR practices at least contribute to efforts to minimize the negative impact of the risk of company activities on society and the environment and as the achievement of community welfare development goals in the environment and the achievement of goals as contained in the Millennium Development (Millennium Development Goals).<sup>4</sup>

From some of the above views, it can be concluded that CSR does not only cover social aspects in a narrow sense but also includes aspects of environmental sustainability as a human living environment and maintaining the profit motive as a prerequisite for the sustainability of the company's business. From the limited understanding above, CSR is an activity driven by the company's internal awareness (voluntary), but nowadays there is a thought that CSR is not only voluntary. Several theories provide a basis for the state to regulate CSR activities. One such theory is the Welfare State theory. This theory is a replacement for the old legal paradigm (legal state) that places the state only as a passive actor/"night watchman" who is not involved in the economic activities of the community and efforts to create public welfare.<sup>5</sup> With the "material law state" approach, the state is required to actively participate in community activities so that welfare for everyone can be realized.

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<sup>2</sup> Rusli Razak, "Analisis Implementasi Tanggung Jawab Sosial Perusahaan (CSR) Dalam Mewujudkan Keberdayaan Dan Kesejahteraan Masyarakat. (Study Kasus PT. Vale Indonesia Di Kab. Luwu Timur)= Analysis of the Implementation of Corporate Social Responsibility (CSR) in Realizi" (2022).

<sup>3</sup> Jumiase Jumiase and Meirinawati Meirinawati, "Implementasi Corporate Social Responsibility (Studi Pada Program Bina Lingkungan Perusahaan Daerah Air Minum Delta Tirta Kabupaten Sidoarjo)," *Publika*, 2023, 1889-1902, <https://doi.org/10.26740/publika.v11n2.p1889-1902>.

<sup>4</sup> Armansyah and Ujang Badru Jaman, "Legal Analysis of The Impact of Industrial Development on The Environment," *The Easta Journal Law and Human Rights* 1, no. 03 (2023): 87-92, <https://doi.org/10.58812/eslhr.v1i03.84>.

<sup>5</sup> Aniken Yustisia Syahnaz, "Korelasi Negara Kesejahteraan Dengan Demokratisasi Kehidupan Masyarakat Sebagai Wujud Negara Paripurna," *Spektrum Hukum* 18, no. 1 (2021): 1-14, <https://doi.org/10.35973/sh.v18i1.1624>.

The State of Indonesia regulates the Principle of Social Responsibility towards the surrounding environmental conditions through a directive issued by the State Minister of State-Owned Enterprises, Number: SE-07 / MBU / 2008 concerning the Implementation of PKBL and the Implementation of Law Number 40 of 2007 Concerning the Limited liability Companies (hereinafter referred to as Law No. 40/2007) and in Article 76 of chapter V of the regulation explains that there are important provisions that must be referred to, namely every Limited Liability Company (PT) operating in the Natural Resources sector is required to carry out Corporate Social Responsibility (CSR). besides that 5 (five) regulations require certain companies to carry out CSR programs: Law Number 25 of 2007 Concerning the Investment (hereinafter referred to as Law No.25/2007); Law Number 32 of 2009 Concerning the Environmental Protection and Management (hereinafter referred to as Law No.32/2009); Law Number 6 of 2023 Concerning Job Creation (hereinafter referred to as PP No.6/2023); Government Regulations Number 47 of 2012 Concerning the 2012 Corporate Social and Environmental Responsibility of Limited Liability Companies (hereinafter referred to as PP No.47/2007); Presidential Regulation Number 32 of 2011 Concerning the Masterplan for the Acceleration and Expansion of Indonesian Economic Development 2011-2025 (hereinafter referred to as Perpres No.32/2011); President Regulation No.59/2017 Implementation of the Achievement of Sustainable Development Goals and President Regulation No.111/2022 Implementation of the Achievement of Sustainable Development Goals.

In its development, CSR has now been directed towards achieving Sustainable Development Goals (SDGs). Indonesia has taken steps to achieve the SDGs by developing an appropriate action plan or agenda. For example, PT Angkasa Pura II (Persero) has been committed to carrying out corporate social responsibility since 1991 through the Small Business and Cooperative Program (PUKK), which later developed into the Social and Environmental Responsibility Program (TJSL). The purpose of the TJSL program is to increase the productivity of the community to be more developed, as well as to protect the environment from the impact of airport operations and development.<sup>6</sup>In addition, in the Management of CSR Activities of PT PLN in the Waste Bank Environmental Development Program in Bandung City, where the Parent Waste Bank is provided for customers who will save waste, with this program PLN has succeeded in helping the Bandung City government in dealing with waste problems, even with this program the waste disposed of to TPS is reduced because the community is more sorting and processing the waste so that it can save in the Waste Bank. PDAM Delta Tirta Sidoarjo implements CSR in the Community Development Program, especially in community social assistance. The community development CSR program carried out is a direct assistance program through the provision of social assistance in the form of necessities.<sup>7</sup>

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<sup>6</sup> Ariiq Naufal Nur'aqil and Fatchur Rohman, "Analisis Implementasi Corporate Social Responsibility (Csr) (Studi Pada Program Tjst Pt Angkasa Pura Ii (Persero) Periode 2021)," *Journal of Development Economic and Social Studies* 1, no. 1 (2022): 142-47.

<sup>7</sup> Jumiase Jumiase and Meirinawati Meirinawati, "Implementasi Corporate Social Responsibility (Studi Pada Program Bina Lingkungan Perusahaan Daerah Air Minum Delta Tirta Kabupaten Sidoarjo)," *Publika*, 2023, 1889-1902, <https://doi.org/10.26740/publika.v11n2.p1889-1902>.

Environmental development programs that some companies have implemented often show irrelevance to the company's business role and the responsibilities it is supposed to carry out. This can occur due to a variety of factors, including a lack of understanding of the importance of integrating sustainability principles in business strategy, pressure to achieve rapid financial returns, or a lack of awareness of the negative impacts that business activities have on the environment and society. One frequent example is the practice of greenwashing, where companies claim to take positive environmental actions but are just marketing efforts to improve their corporate image without making substantial changes in their operations. This can lead to irrelevance between the environmental development program and the company's business role and responsibilities.

Legislation in the perspective of modern environmental law places the principle of sustainability as an important principle underlying the regulatory rules in the legislation. This is because sustainability has become an important issue in world economic development, because the world community has realized that the exploitation of natural resources can lead to resource scarcity, environmental degradation, and decreased environmental quality. Therefore, economic development must lead to environmentally sound development or sustainable development. According to regulations issued by the Minister of State-Owned Enterprises regarding the Partnership Program and the Environmental Development Programs of State-Owned Enterprises in 2015, this form of corporate concern can be categorized into two, namely partnership programs and environmental development programs. An environmental development program is an initiative that aims to empower the social conditions of the community by State-Owned Enterprises (SOEs). In contrast, the Partnership Program is a program that aims to improve the ability of small businesses to become more independent and resilient. Both the Partnership Program and the Community Development Program are implemented using funds from profits generated by SOEs.<sup>8</sup>

Environmental development and corporate responsibility programs are two interrelated areas in the context of business sustainability. Several studies have shown that the practice of environmental stewardship and corporate responsibility programs significantly affects a company's performance and public perception of the company. Key findings in this study highlight the importance of integrating sustainability principles in business practices, including transparent environmental monitoring and reporting, environmental risk management, engagement with stakeholders, and the development of environmentally friendly innovations. Issues in the implementation of CSR in the environmental development program include several challenges that need to be addressed to ensure the success and positive impact of the program. Some of the main problems that often arise in the implementation of CSR are that CSR programs tend to focus more on social and economic aspects without giving enough attention to environmental aspects. This can reduce the effectiveness of achieving environmental sustainability and the balance between the three pillars of sustainability.

<sup>8</sup> Armansyah Armansyah, "Implementasi Program Bina Lingkungan Sebagai Strategi Pengelolaan Tanggung Jawab Sosial Perusahaan," *Jurnal Rechten : Riset Hukum Dan Hak Asasi Manusia* 5, no. 3 (2024): 22-32, <https://doi.org/10.52005/rechten.v5i3.136>.

Issues in the implementation of CSR in environmental development programs include several challenges that need to be overcome to ensure the success and positive impact of the program. Some of the main problems that often arise in the implementation of CSR are that CSR programs tend to focus more on social and economic aspects without giving sufficient attention to environmental aspects. This can reduce the effectiveness of achieving environmental sustainability and the balance between the three pillars of sustainability. Several studies provide an overview of the same object, namely Amalia who analysed the implementation of corporate social responsibility of the head office of Bank Aceh Syariah in the environmental assistance program to improve the welfare of the people of Banda Aceh.<sup>9</sup> In addition, research was also conducted by Ainayah Bismi Anjani who conducted a study in the application of corporate social responsibility in supporting sustainable development goals 2030 (case study on PT Pupuk Kujang's partnership and environmental development program).<sup>10</sup> and in the research of Miftahul Ilmi who conducted a study on building a reputation through the Corporate Social Responsibility (CSR) program of environmental development for nature conservation: Descriptive analysis at PT Petrokimia Gresik (Persero).<sup>11</sup> To provide differences in previous studies, researchers focus more on the form of regulation in the implementation of environmental development, besides that, researchers also provide strengthening of the main problem issues on the aspect of the lack of integration of CSR programs with the core business strategy of the company. Thus, environmental development programs are often considered separate activities and are not closely related to the vision and mission of the company's business role.

An analysis of previous research findings shows that environmental stewardship and corporate responsibility practices have a significant impact on a company's financial performance, brand reputation, and stakeholder relationships. Companies that implement sustainability practices tend to experience improved long-term performance and reduced risks associated with environmental issues. While there has been an increase in research on corporate citizenship and corporate responsibility programs, there are still some gaps in the literature. One of these is the lack of consistency in the measurement and reporting of sustainability practices, which makes comparisons across companies and industries difficult. In addition, previous research also tends to focus more on the impact of sustainability on financial performance, while social and environmental impacts have

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<sup>9</sup> Mauriska Amalia, Ayumiati Ayumiati, and Jalilah Jalilah, "Analisis Implementasi Corporate Social Responsibility Bank Aceh Syariah Kantor Pusat Pada Program Bantuan Bina Lingkungan Dalam Meningkatkan Kesejahteraan Masyarakat Banda Aceh," *Jihbiz: Global Journal of Islamic Banking and Finance* 3, no. 2 (2021): 109, <https://doi.org/10.22373/jihbiz.v3i2.10456>.

<sup>10</sup> Ainayah Bismi Anjani and Eko Ganis Sukoharsono, "Penerapan Corporate Social Responsibility Dalam Mendukung Sustainable Development Goals 2030 (Studi Kasus Pada Program Kemitraan Dan Bina Lingkungan PT Pupuk Kujang)," *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya* 10, no. 1 (2021).

<sup>11</sup> Miftahul Ilmi, "Strategi Membangun Reputasi Melalui Program Corporate Social Responsibility (CSR) Bina Lingkungan Pelestarian Alam: Analisis Deskriptif Di PT Petrokimia Gresik (Persero)" (UIN Sunan Gunung Djati Bandung, 2020).

received less attention.

Program practices include the company's efforts to protect and improve the environment, such as reducing emissions, managing waste, and conserving natural resources. Meanwhile, corporate responsibility includes aspects such as relationships with employees, local communities, and social responsibility. This research confirms that the practice of environmental development programs and corporate responsibility is not only a moral responsibility but also has a significant positive impact on the company's performance in the long run. The integration of CSR through sustainability principles in business practices can increase efficiency, reduce risks, and create added value for the company, while also improving the company's reputation in the eyes of the public. Based on the background of the problems described above, the problems discussed in this study are whether the Environmental Development Programs can be considered an effective strategy in managing Corporate Social Responsibility from the perspective of (CSR), and how the implementation of CSR arrangements in the responsibility management strategy on environmental aspects.

## 2. Methods

This research uses legal research which is a series of activities carried out in a scientific method in search of truth in a systematic, intact and consistent manner.<sup>12</sup> in the view of Peter Mahmud Marzuki legal research is a series of activities in the process of finding a rule of law, legal principles and views of previous jurists in order to answer the legal issues faced As legal research, this research can be categorized as a type of normative juridical research.<sup>13</sup> with the approaches used in this research, namely the Legislation Approach, Conceptual Approach, Case Approach. through these methods and approaches, a legal issue can be identified regarding the truth of the legal issues being studied. The results of this research have an important role as a basis for formulating and forming legal arguments that have a logical, rational, and accurate framework.

## 3. Results and Discussion

### 3.1. Environmental Development Program As A Strategy In CSR Management

Formal juridical, provisions regarding Social and Environmental Responsibility have been regulated in Law Number 40 of 2007 concerning Limited Liability Companies. By Article 1 paragraph (3), Social and Environmental Responsibility refers to the commitment of a Company to actively contribute to sustainable economic development to improve the quality of life and environmental conditions that provide benefits, both for the Limited Liability Company itself, the local community, and the general public as a whole.

The Environmental Development Program is a form of corporate concern for the surrounding social and environmental conditions. based on the Regulation of the Minister of SOEs No. PER-02/MBU/7/2017, as a derivative of Law No. 19 of 2003 concerning State-Owned Enterprises, seeks to further detail the concept of Social and Environmental Responsibility (TJSL/CSR) which must be implemented by State-Owned Enterprises

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<sup>12</sup> Irwansyah Irwansyah, "Penelitian Hukum: Pilihan Metode & Praktik Penulisan Artikel," *Yogyakarta: Mirra Buana Media*, 2020, 65.

<sup>13</sup> Luis Felipe Viera Valencia and Dubian Garcia Giraldo, *Metodologi Riset Hukum*, ed. Dr. Sarjiyati, *Angewandte Chemie International Edition*, 6(11), 951–952., Pertama.,M, vol. 2 (Oase Pustaka, 2020).

(SOEs) through partnership programs and environmental development programs. This regulation in detail regulates various aspects related to the types of programs, as well as the allocation and sources of funds needed to implement these programs. This corporate concern can be grouped into two, namely partnership programs and environmental development programs. The partnership program is an effort to increase the capability of small businesses to become more independent and strong. Meanwhile, the Environmental Development Programs aim to empower the social conditions of the community by SOEs. Both the Partnership Program and the Environmental Development Programs are implemented using funds derived from SOE profits.

Based on this regulation, the Environmental Development Programs that can be implemented by an SOE include assistance to victims of natural disasters, educational assistance in the form of training, facilities, and infrastructure, assistance to improve health, assistance in developing public facilities and infrastructure, assistance for worship facilities, nature conservation assistance, social community assistance to overcome poverty such as providing electricity in areas that have not been electrified, providing clean water, building bathing and washing facilities, repairing houses for underprivileged people, providing seeds for the agriculture, livestock and fisheries sectors, business equipment assistance, and other assistance aimed at increasing the economic independence of small businesses other than fostered partners.<sup>14</sup>

A series of CSR implementation in the Environmental Development Programs is a systematic form of implementation of the company's program that has several stages such as planning, implementation, evaluation, and reporting. The company also runs the program according to their procedures, which is to conduct selection and monitoring in each implementation. the concept of Social Responsibility towards the state of the environment is seen as a management action carried out by business entities to achieve sustainable development goals. This goal is based on a balance between economic, social, and environmental aspects with efforts to reduce negative impacts and increase positive impacts in each of these aspects. the existence of CSR programs is expected to achieve the right targets.<sup>15</sup>

Nowadays, companies tend to turn to an emerging form of CSR program, Environmental Development. This is because the program can provide empowerment that contributes to development that can grow sustainably. CSR is an integral component of strategic management. Through involvement in social issues, organizations reflect their understanding of social dynamics. When an organization implements CSR activities, it indirectly involves community participation. Thus, the relationship harmonization efforts

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<sup>14</sup> Richo Andriyanto and Sri Bakti Yunari, "Analysis Of The Implementation Of Corporate Social And Environmental Responsibility In Kembang Janggut District East Kalimantan," *Reformasi Hukum Trisakti* 6, no. 1 (2024): 162-74, <https://doi.org/10.25105/refor.v6i1.19119>.

<sup>15</sup> Felisha, "Analisa dan Penerapan Corporate Social Responsibility Di PT. Indofood CBP Sukses Makmur Tbk." (bandung: Fakultas Ekonomi, 2022), 13, [https://repository.unpar.ac.id/bitstream/handle/123456789/3796/LPD\\_Felisia\\_Analisa\\_dan\\_Penerapan-p.pdf?sequence=1&isAllowed=y](https://repository.unpar.ac.id/bitstream/handle/123456789/3796/LPD_Felisia_Analisa_dan_Penerapan-p.pdf?sequence=1&isAllowed=y).

built by organizations not only benefit their reputation but also have a positive impact on society as a whole.

The CSR program plan and Master Plan are based on performance indicators that are developed and managed annually through a mentoring process. For example, in community development efforts in the business sector, the initial phase involves providing business capital assistance to the community. The next step includes organizing training for small entrepreneurs to increase the level of economic independence in the region. In other words, accurate social mapping that reflects field conditions is expected to make a positive contribution to the sustainability of local communities.<sup>16</sup>

The role of the Environmental Development Programs in the context of (CSR) is an initiative or activity carried out by companies to empower and improve social and environmental conditions around their operational areas. The purpose of this program is to have a positive impact on the community and the environment in which the company operates. implementation of the Environmental Development Programs in CSR can include various activities, such as:<sup>17</sup>

- a. Community Empowerment: Involving the community in various activities that can improve their quality of life, such as skills training, education, or health programs;
- b. Environmental Stewardship: Efforts to maintain and preserve the surrounding environment, including tree planting programs, waste management, or activities aimed at reducing negative impacts on the environment;
- c. Infrastructure Development: Assisting in the development of infrastructure that can improve community welfare, such as the construction of education, health, or transportation facilities;
- d. Welfare Programs: Involving companies in social welfare programs, such as humanitarian assistance, disaster management, or economic assistance for communities in need.

Environmental Development Programs are usually designed to create long-term value for the surrounding community, improve the company's image, and at the same time minimize the negative impact of company operations on the environment. This program reflects the company's commitment to sustainable development and social responsibility. According to stakeholder theory, companies have a responsibility to groups (stakeholders) that are affected by or can affect the company's operations. In Stakeholder theory, companies are not entities that only operate for their interests and only focus on making profits. Instead, the company is expected to provide benefits to its stakeholders, which consist of shareholders, creditors, consumers, suppliers, government, society, analysts, and other parties. Thus, it can be revealed that the existence and survival of a company are highly dependent on the support provided by stakeholders to the company.

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<sup>16</sup> Nabila Kumala Wijayanti et al., "Konsep dan Implementasi Corporate Social Responsibility (CSR) Dalam Bisnis: Studi Literatur," *Jurnal Mirai Management* 8, no. 3 (2023): 232-38.

<sup>17</sup> Riyan Ardi Cahya, "Implementasi CSR ( Corporate Social Responsibility) PT. Semen Baturaja (Persero) Tbk Sebagai Upaya Dalam Pembinaan Lingkungan Dan Kemitraan," *JIM: Journal of International Management* 1, no. 1 (2022): 43-54.



There are three very important reasons why companies should respond to and develop social responsibility issues in line with their operations. First, companies are an integral part of society, so it is only natural that companies pay attention to and fight for the interests of society. Second, the relationship between business and society should be mutually beneficial and mutually supportive. Third, the implementation of social responsibility activities is considered as a form of strategy to reduce or even avoid social conflict.

The implementation of CSR management can act as a corporate strategy to fulfil the interests of stakeholders through the disclosure of non-financial information related to social and environmental impacts arising from corporate activities. The better a company discloses its CSR information, the greater the support it can get from stakeholders. This support includes all company activities aimed at improving performance and achieving expected profits.

The implementation of CSR towards environmental development by companies must also pay attention to the conditions of the community and the environment in their operational areas. This principle is regulated in Law No. 25 of 2007 on Capital Investment. According to Article 15 of the Law, every investor has the following obligations:

- a. apply the principles of good corporate governance;
- b. perform corporate social responsibility;
- c. prepare a report on investment activities and submit it to the Investment Coordinating Board;
- d. respecting the cultural traditions of the community around the location of the investment business activity;
- e. comply with all provisions of laws and regulations. Related to environmental sustainability.

Article 17 of the Capital Market Law states that investors who exploit limited natural resources are obliged to allocate funds gradually for the rehabilitation of the location to meet environmental feasibility standards, and the implementation is regulated in accordance with applicable laws and regulations. The environmental development Program can be seen as a strategy to meet the expectations and needs of stakeholders related to environmental and social aspects. The environmental development Program can be understood as a step towards sustainable development by considering economic, social, and environmental aspects. In the context of strategic management, the implementation of the Environmental Development Programs can be seen as part of the company's strategy to achieve competitive advantage. Improving relationships with society and the environment can provide long-term benefits to the company's reputation and customer relationships.

The environmental development Program is one of the strategies adopted by the company in managing CSR. This program is a concrete effort to foster and improve the condition of the surrounding environment, and more broadly, strengthen the company's relationship with the community. the existence of an effective Environmental Development Programs cannot stand alone, there needs to be support and cooperation from various parties. therefore, companies need to form strategic partnerships with government, non-governmental organizations, and local communities to achieve greater impact.

Environmental development program as a Strategy in Corporate Social Responsibility (CSR) Management is a holistic approach that considers the social, economic, and environmental impacts of business activities. It encompasses a wide range of initiatives and activities designed to improve a company's environmental performance, reduce its carbon footprint, manage waste, conserve natural resources, and promote sustainability in business operations. The program aims not only to comply with applicable environmental regulations, but also to integrate sustainability principles into the company's culture and business strategy.

One important component of the Environmental Development Program is the implementation of environmentally friendly practices in day-to-day operations. This includes more efficient use of resources, better waste management, and reduced greenhouse gas emissions. Companies may also adopt cleaner technologies and invest in environmentally-friendly innovations to reduce negative impacts on the environment. In addition, the program also includes efforts to improve the quality of the environment around the company's operations. This may include reforestation programs, tree planting, or other environmental restoration projects that aim to improve the quality of air, soil, and water around company sites.

The Environmental Development Program also focuses on regularly monitoring and reporting on companies' environmental performance. This involves collecting accurate data on the environmental impacts of business activities, as well as producing transparent reports on companies' efforts to improve their environmental performance. By doing this, companies can gain a better understanding of the environmental impacts of their activities and identify areas where they can make further improvements. In addition to environmental benefits, Environmental Development Programs can also provide economic benefits to companies. By reducing resource consumption and operational costs, companies can save money and improve efficiency. In addition, environmentally-friendly practices can also improve the company's image in the eyes of consumers and other stakeholders, which can lead to increased sales and long-term profits.

In the context of business sustainability, Environmental Development Programs can also be an integral part of a company's CSR strategy. By demonstrating a commitment to environmental sustainability, companies can strengthen relationships with stakeholders, enhance brand reputation, and build trust with consumers and society at large. Overall, Environmental Development Program as a Strategy in CSR Management is an important step for companies to improve their environmental performance, fulfill their social responsibility, and create long-term value for their business. By adopting environmentally friendly practices and committing to environmental sustainability, companies can become agents of positive change in realizing a more sustainable world.

### **3.2. Implementation Of CSR Regulation In Environmental Responsibility Management**

The Law on Limited Liability Companies (Law No.40/2007) uses the term social and environmental responsibility (CSR) to refer to the internationally recognized concept of CSR. Although the direct translation of the phrase is "corporate social and environmental responsibility," the word "social" is considered to cover the environment in general, so the term TJSL can be interpreted as parallel to the concept of CSR. This clause states that

"Companies operating in the sector and/or related to natural resources must implement Social and Environmental Responsibility."<sup>18</sup>The use of this term shows that CSR is not just a moral demand, but has become an obligation that companies must fulfil. If interpreted authentically, the word "natural resources" can refer to all biological and non-biological wealth that exists in nature and the environment. According to this interpretation, the obligation of CSR only applies to companies engaged in the natural resources sector and is limited to the type of limited liability company in accordance with the Limited Liability Company Law, thus not covering other forms of business such as cooperatives, foundations, associations, CV, or other forms of business.<sup>19</sup>

In the Constitutional Court Decision No. 53/PUU-VI/2008, the Constitutional Court explicitly states that the damage to natural resources and the environment in Indonesia has reached a very worrying level, both for the present and future generations. Therefore, the role of the state by controlling the land, water, and natural resources contained therein, including to regulate, cultivate, maintain, and supervise, is intended to build a good and sustainable environment (sustainable development) aimed at all stakeholders that should not be ignored. Law No. 40/2007 on Limited Liability Companies, precisely in Article 74, clearly accommodates the concept of corporate social responsibility (CSR) or corporate social and environmental responsibility (hereinafter referred to as TSLP). However, it is further criticized in the provisions of Article 74 paragraph (2) that Social and Environmental Responsibility is an obligation of the company that is budgeted and calculated as a cost of the company whose implementation is carried out with due regard to propriety and fairness. This has created ambiguity in its implementation or it can be said that the legislators are not serious about realizing it. On the one hand, it is recognized that TSLP is an obligation of every company that carries out its business activities in the field of and/or related to mandatory natural resources, but on the other hand, the obligation is "broken" by the phrase that the calculation regarding the allocation of funds spent must pay attention to decency and fairness without any further provisions explaining it.

A fundamental question is how companies can integrate environmental sustainability into their CSR initiatives to achieve long-term business growth and a positive impact on the environment. CSR is a form of business involvement in sustainable development to develop corporate awareness programs for the surrounding community. This is done by creating and maintaining a balance between achieving profits, performing social functions, and preserving the environment. In other words, CSR is developed by taking into account the Tri Bottom Line principle that involves social, economic, and environmental aspects.

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<sup>18</sup> Iskandar Yahya Novianto, "Tanggung Jawab Perseroan Terbatas Dalam Melaksanakan Tanggung Jawab Sosial Lingkungan Perusahaan (Komparasi Indonesia Dengan Jepang)," *UII* (Universitas Islam Indonesia, 2023).

<sup>19</sup> Anjani and Sukoharsono, "Penerapan Corporate Social Responsibility Dalam Mendukung Sustainable Development Goals 2030 (Studi Kasus Pada Program Kemitraan Dan Bina Lingkungan PT Pupuk Kujang)"; Fachria Octaviani, Santoso Tri Raharjo, and Risna Resnawaty, "Strategi Komunikasi Dalam Corporate Social Responsibility Perusahaan Sebagai Upaya Pemberdayaan Masyarakat," *Jurnal Ilmu Kesejahteraan Sosial HUMANITAS* 4, no. 1 (2022): 21–33, <https://doi.org/10.23969/humanitas.v4i1.4882>.

Environmental CSR is a business approach that prioritizes corporate responsibility for the environment.

In this context, CSR recognizes that environmental sustainability is key to achieving long-term business growth and having a positive impact on the surrounding environment. CSR is closely related to environmental issues that are currently being discussed in Indonesia. Inadequate handling of environmental conditions indicates a lack of responsibility, not only on the part of companies but also on society as a whole. The right to the environment is recognized as part of human rights by the United Nations (UN). This right has been regulated in the preamble of the 1945 Constitution of the Republic of Indonesia in paragraph IV.<sup>20</sup> In integrating environmental sustainability into CSR initiatives, companies can achieve long-term sustainable business growth while having a significant positive impact on the environment. To determine the measures or standards related to the Tri Bottom Line aspects, companies can realize the three aspects embodied in CSR activities as seen from the table below:

**Table 1.** Corporate Social and Environmental Responsibility Activities

No	Aspect	Activity focus aspect
1	Social	Education, training, health, housing, institutional strengthening (internally, including employee welfare) social welfare, sports, youth, women, religion, culture and so on.
2	Economy	Entrepreneurship, joint business groups/small and medium micro units, agribusiness, job creation, economic infrastructure, and other productive businesses.
3	Environment	Afforestation, land reclamation, water management, nature conservation, ecotourism environmental health. pollution control, and efficient use of production, and energy.

If a company believes that Corporate Social and Environmental Responsibility (CSR) is a must that it must implement, then the role of management and shareholders determines its success. Therefore, the company must try to set certain measures or standards in making policies and decisions, so that its business continues to grow and make management more transparent, both to shareholders and to other stakeholders. Along with the development of global environmental issues, the concept and application of CSR is growing, including in Indonesia. CSR is not only a corporate social obligation but is also associated with the concept of sustainable development. Based on the provisions of Article 74 in Law Number 40 of 2007 concerning Limited Liability Companies, the

<sup>20</sup> Ester Sarah Feronika et al., "Tanggung Jawab Sosial Perusahaan Bidang Lingkungan," *Prosiding Penelitian Dan Pengabdian Kepada Masyarakat* 7, no. 1 (2020): 1, <https://doi.org/10.24198/jppm.v7i1.28557>.

government aims to strengthen the social dimension of companies. This step was taken due to the increasing number of problems or conflicts that arise between companies or companies and the surrounding community where the company operates. The article also states that companies engaged in the sector and/or related to natural resources must carry out social and environmental responsibilities.

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The elucidation of Article 74 paragraph (1) states that this CSR obligation has the objective of creating a harmonious, balanced, and appropriate relationship with the environment, values, norms, and culture of the local community. Companies that are intended to carry out their business activities in the field of natural resources are companies engaged in the management and utilization of natural resources. Meanwhile, companies that are intended to carry out business activities related to natural resources are companies that do not directly manage or utilize natural resources, but their business activities have an impact on the function and capability of natural resources CSR requires companies to increase the capacity and quality of life of the community and become more responsible for the environment around their operational locations. If we refer to Number 23 of 1997 concerning Limited Environmental Management (hereinafter referred to as Law No.23/1997), it is explained that every individual has the right to participate in the management and is also obliged to maintain environmental sustainability. This shows that there are regulations that require community participation to support CSR, which is the main focus in efforts to create a good, sustainable environment that is beneficial for the community and the company.

Law No.23/1997 on Environmental Management also explains the obligation of those who do business to provide true and accurate information about environmental management. Therefore, the meaning of CSR and the understanding of CSR can be reflected through this provision. Furthermore, this law not only addresses environmental aspects but also emphasizes CSR obligations related to community empowerment. As a result, companies are expected to actively improve the capacity and quality of life of their surrounding communities by existing regulations. As for CSR specifically for the environment, the regulation has been regulated in Law No. 32/2009 concerning Environmental Protection and Management, which emphasizes that every individual involved in business activities has a responsibility:

- a. Provide information related to environmental protection and management in a correct, accurate, open and timely manner;
- b. Maintain the sustainability of environmental functions;

- c. Complying with the provisions of environmental quality or environmental damage standards.

In the context of environmental management, community engagement can help companies to better understand local needs and concerns, to design more relevant and effective CSR programs. For example, through dialog with local communities, companies can find out their concerns about the environmental impacts of company operations and seek solutions together.<sup>21</sup> Community empowerment is also important because it can increase local capacity to manage the environment sustainably. Companies can empower communities by providing training on environmentally friendly practices, providing access to green technology, or supporting the development of sustainable small businesses. By engaging and empowering communities, CSR programs can be more impactful and sustainable. It can also improve the relationship between companies and communities, creating greater trust and support for future CSR programs.

One form of TJSL good practice is Community Development (Comdev), which aims to increase community accessibility to achieve better socio-economic and cultural conditions, so that the community is expected to be more independent with a better quality of life and welfare. The main objective of community development is to ensure that people have the capacity or ability to help themselves. Therefore, Comdev activities are usually focused on the process of empowerment or empowerment of service recipients. TJSL programs implemented through community empowerment can optimally improve the capacity and welfare of the community to achieve sustainable independence.<sup>22</sup> Successful implementation of Corporate Social Responsibility (CSR) provides significant opportunities and benefits, which not only benefit the company financially, but also have a positive impact on society and the environment. Understanding these opportunities and benefits provides a more balanced perspective on the importance of CSR in the context of business sustainability.

The challenges of engaging and empowering communities in Corporate Social Responsibility (CSR) initiatives, particularly in the context of environmental management, can vary depending on local conditions and the complexity of the CSR program. Some common challenges include: Communities do not have sufficient understanding of environmental issues and the importance of CSR; Participation and Engagement: Communities are not involved in decision-making processes related to CSR programs; Capacity and Resources to engage in CSR programs; Conflicts of Interest: Communities and companies may conflict, for example in terms of natural resource use; Oversight and Accountability: It is important to ensure that CSR programs are implemented correctly and deliver the desired impact.

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<sup>21</sup> Intan Ravanza Rindiana, "Patronase Politik: Respon Bisnis Terhadap Program Tanggung Jawab Sosial Perusahaan," *Jurnal Mengkaji Indonesia* 2, no. 1 (2023): 153–66, <https://doi.org/10.59066/jmi.v2i1.397>.

<sup>22</sup> Rindang Matoati et al., "The Analisis Social Return on Investment (SROI) UMKM Kripik Jamur Tiram Desa Talang Kering Melalui Program Tanggung Jawab Sosial (TJSL) PT. PLN Sumbagsel," *Jurnal Manajemen Dan Organisasi* 14, no. 1 (2023): 89–98, <https://doi.org/10.29244/jmo.v14i1.43706>.

To address this challenge, potential strategies include: Building strong partnerships with government, non-governmental organizations, and civil society to ensure the success of CSR programs; Adopting a human rights-based approach to ensure that CSR programs respect and protect the rights of local communities; Applying a sustainable approach in CSR programs, which considers the long-term interests of communities and the environment; Involving communities in the planning, implementation, and monitoring of CSR programs to ensure their relevance and effectiveness.

Successful CSR implementation can provide significant opportunities and benefits, including:

- a) Improving the company's image in the eyes of society and consumers, which can increase trust and loyalty to the company's brand.
- b) Building better relationships with the government and other stakeholders, which can open up opportunities for broader cooperation.
- c) Improving operational efficiency and reducing risk, as the company will be more adaptable to environmental and social changes.
- d) Making a tangible positive impact on the environment and society, which can improve quality of life and create long-term value for all parties involved.

Companies that have successfully integrated the implementation of CSR arrangements use the four stages of CSR implementation, namely the planning, implementation, monitoring and evaluation, and reporting stages. Each of these CSR implementation steps must be carried out by the company in order for the CSR program to achieve the desired success. However, in developing countries such as Indonesia, the stages of CSR implementation still have not reached the maximum level because the successful implementation of CSR requires the active involvement of all relevant parties. This process needs to be done consistently and continuously to evaluate the effectiveness of CSR programs. These stages help companies to understand the conditions and situations when achieving CSR program goals, allowing for necessary improvements for sustainable development.

#### 4. Conclusions

Environmental development and corporate responsibility programs are an integral part of a company's efforts to achieve business sustainability. By integrating sustainability principles in their business practices, companies can gain long-term benefits that include operational efficiency, environmental risk mitigation, and a better reputation in the eyes of stakeholders. The Environmental Development Program is an important strategy in CSR management as it helps companies fulfill their social and environmental responsibilities, improve corporate performance, and improve relationships with stakeholders. By integrating sustainability principles in their business practices, companies can achieve sustainable growth and make a significant positive impact on the environment and society.

The implementation of CSR arrangements in environmental responsibility management is an important step taken by companies to maintain a balance between business sustainability and social and environmental impacts. CSR arrangements in environmental responsibility management are not just about complying with regulations or meeting market expectations, but also an effort to create long-term value, build strong

relationships with stakeholders, and become an agent of positive change in society. Companies that can integrate CSR well will not only survive in an increasingly complex market but will also make a real contribution to environmental sustainability and the overall well-being of society.

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