

The Implementation of Good Corporate Governance to Increase Corporate Social Responsibility on the Ethics of Business Perception

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ABSTRACT: This article was written for highlights the importance of implementing Corporate Social Responsibility for companies as a social responsibility, and analyse the approaches that can be taken in implementing Corporate Social Responsibility. The purpose of this paper is to understand the concept of Good Corporate Governance Implementation in a company. So that the company can Improve Corporate Social Responsibility from various lines, especially the triple bottom lines (Financial, Social, and Environmental). The research method used is a qualitative approach with a type of normative juridical research and document study. The approach used is the Statute Approach and descriptive approach. Primary legal materials consist of the 1945 Constitution of the Republic of Indonesia, Law Number 40 of 2007 concerning Limited Liability Companies, and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. Data collection techniques through literature studies. The data analysis method used is descriptive qualitative. The results in this study are on the application of business ethics of a company in accordance with Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. In fact, there are several elements that make the implementation of CSR successful in a company, the most important of which is how to create a comprehensive GCG. The implementation of CSR can be comprehensive and efficient if it is continuously carried out by developing and actively implementing GCG principles within the company. The implementation of social and environmental responsibility must be included in the Company's annual report and accounted for to the GMS in accordance with Article 6 of Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies.

KEYWORDS: Corporate Social Responsibility, Good Corporate Governance, Company, Business Ethics, Business Law.

I. INTRODUCTION

In the early 2000s, a concept emerged that attracted the attention of academics, practitioners, NGOs, and businesspeople both at home and abroad: the implementation of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) in companies. Both are closely related to the development of companies in relation to the community, especially those surrounding the company's operations. GCG is one of the topics in the organizational field that has become a focus of research by researchers and businesspeople. The implementation of GCG in companies is considered capable of referring to the mechanisms, processes, practices, and rules by which companies are monitored, controlled, and directed. GCG in a company consists of several elements, namely the number of Commissioners, Independence of the Board of Commissioners, Number of Board of Commissioners Meetings, Female Commissioners, Independence of the Audit Committee, Foreign Ownership, Managerial Ownership, Institutional Ownership, and Government Ownership. The role of these elements is crucial in managing the company to achieve the financial benefits targeted and expected by management. Thus, the implementation of GCG in a company is related to corporate social responsibility, because companies are required not only to achieve the highest possible profit. In addition, there is an element of leverage, namely debt, a source of funds used by the company to finance its assets outside of capital and equity sources. The many elements of GCG can be said that GCG is a corporate governance system that regulates the relationship between company managers, supervisors, shareholders and stakeholders by emphasizing the five principles of GCG, namely Transparency (information disclosure), Accountability, Responsibility Independence (independence), Fairness (equality and fairness). CSR is regulated in the Company's CSR obligations, which have been regulated in legislation. The legal basis for CSR itself is spread across several regulations, namely in Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies (PP 47/2012). CSR is an ongoing commitment that must be carried out by companies as a business ethic, ethical, legal and contributes to improving the quality of life

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of workers and their families, local communities, and society as a whole. GCG in the implementation of CSR is a system that can provide direction and control so that companies carry out and disclose their CSR activities.

The implementation of GCG in the company will encourage management to manage the company properly, including implementing its social responsibilities. CSR is one of the principles of GCG, namely transparency (information disclosure) and responsibility (accountability). This explains that a company can carry out its business activities to obtain maximum profits as a profit-making entity, as long as it continues to carry out social responsibilities in the environment and social communities, both around the company in particular and the wider community in general. Social responsibility arises in order to strengthen the sustainability of the company by building cooperation between related stakeholders. CSR is carried out by companies at various levels, ranging from the simplest such as donations to comprehensive, which is integrated into the company's strategy in operating its business. The implementation of CSR is a business ethic that must be carried out and has been regulated in Indonesian legislation.

Article 74 of Law Number 40 of 2007 concerning Limited Liability Companies explains that companies conducting business activities in the field of and/or related to natural resources are required to implement social and environmental responsibilities. If this obligation is not fulfilled, the company will be subject to sanctions in accordance with statutory regulations. Although only mentioned for companies that have business activities in the natural resources sector. CSR is proof that a company has a social responsibility to the community and the successful implementation of GCG in a company. Moreover, CSR is a company's success in implementing business ethics. Social responsibility is a company's concern that business decisions can have positive or negative impacts on the community and the surrounding environment. CSR is proof that a company has a social responsibility to the community and the successful implementation of GGC in a company. Moreover, CSR is a company's success in implementing business ethics. Social responsibility is a company's concern that business decisions can have positive or negative impacts on the community and the surrounding environment. Basically, business is a good ethics that does not need to harm other parties in order to gain profit for the company's progress. This is in line with the Legal Theory of Justice. Thus, implementing CSR through good business ethics can create a conducive environment, provide appropriate resources, and create balance for other parties. CSR has been considered an important marker that companies must adhere to and possess, leading companies to compete to declare themselves as implementing CSR. Based on the background that has been described, the problem formulation in this research is as follows:

1. How is the implementation of the principles of Good Corporate Governance in the Corporate Social Responsibility triple bottom lines (Financial, Social, and Environmental) in a company?
2. What is the perspective of business ethics in the implementation of Corporate Social Responsibility as reviewed from Law Number 40 of 2007 concerning Limited Liability Companies?

II. RESEARCH AND METHODS

The method used in this research is a qualitative approach with normative juridical research and document study. The approach used is the Statute Approach and descriptive. Primary legal materials consist of the 1945 Constitution of the Republic of Indonesia, Law Number 40 of 2007 concerning Limited Liability Companies, and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. Data collection techniques through literature studies. The data analysis method used is descriptive qualitative.

III. RESULT AND DISCUSSION

A. Application of Good Corporate Governance Principles to Corporate Social Responsibility Triple Bottom Lines (Financial, Social and Environmental) in Companies.

A sustainable commitment to positively impacting the environment and society is a social responsibility that a company must fulfill. Corporate social responsibility is a GCG principle implemented in CSR in the social sector. Besides its business activities, it aims to balance the company's responsibility to generate profits while also benefiting society and the environment. Standardization of CSR practices reveals that the implementation of CSR in Indonesia is a decision of the corporation's top management. This can be interpreted as meaning that CSR policies do not always guarantee alignment with a company's vision and mission. Implementing GCG in CSR is something that not all companies can do. If leadership has a high moral awareness, the corporation is more likely to implement CSR and GCG principles correctly. Conversely, if a company's leaders have a strong orientation only towards profit, high productivity, large profits, high stock prices, and personal achievements, it is certain that CSR policies are merely ordinary company polish. The General Guidelines for Good Corporate Governance in Indonesia in 2006, compiled by the National Committee for Governance Policy (KNKG), mentions five principles of GCG: transparency, accountability, responsibility, independence, and fairness. Meanwhile, the GCG principle has two elements: those originating from within the company (internal corporate governance) and those originating from outside the company (external corporate governance). The elements of internal corporate governance are shareholders, directors, board of commissioners, managers, employees, systems, and audit committees. A company's external corporate governance is an element that will always be needed or required outside the company and has an

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impact on financial performance, even though this element is external. Therefore, its importance to the company cannot be simply separated. The elements of a company's external corporate governance include the adequacy of laws and legal instruments, investors, information providers, public accountants, institutions that favor the public interest rather than a particular group, lenders, and legal certifiers.

GCG in a company is not merely a complement to the company's vision and mission. The purpose of good GCG is recognized as helping the company withstand adverse conditions. Properly implemented GCG principles will improve corporate performance. Corporate governance, as a system by which a company is managed and supervised, brings numerous benefits to its implementation. The following are the opinions of several figures, according to The Forum for Corporate Governance in Indonesia, as quoted by Imam Sjahputra Tunggal and Amin Widjaja Tunggal, the uses of good Corporate Governance are:

1. Easier to obtain capital;
2. Lower cost of capital;
3. Improve business performance;
4. Affect stock prices;
5. Improve economic performance.

To build market confidence and encourage stable and long-term international investment flows, the implementation of good GCG is the initial step and is crucial for companies to undertake. This is the first step in creating market trust in a company so that the company can grow rapidly in building the company. From the explanation above, it can be concluded that the implementation of GCG in a company can build a good business entity, good business ethics, efficiency in achieving the company's goals, increase public trust, increase productivity, measure company performance targets, increase share prices, and improve a company's corporate image. CSR implementation strategies can be seen from the following aspects: a. Community Data:

Community data consists of programs collected from several sources: the first source comes from the results of CSR work meetings to determine the program for the coming year, submitted by the coordinators of each division. The second source comes from proposals containing social programs submitted directly by stakeholders.

- b. A proposal is a proposal for activities taken from community data, either from first or second sources;
- c. This evaluation is an evaluation of the program of activities to be implemented. This activity will be viewed from several perspectives, including the community's interest in the company and the company's interest in the community.
- d. According to the criteria, the next process is how to look at it from a material and immaterial perspective, this process involves public relations because there are things that are directly related to the corporate brand image, whether the activity is in accordance with the funds proposed, what the technical aspects are, and the most important thing is how the company publishes it to the media;
- e. Rejected, When the above does not match the above criteria, it will be immediately rejected;
- f. Principle Permit, a program approved by the CSR manager to be realized/approved;
- g. The Implementation Process is how approved activities are immediately implemented. The process involves holding a meeting before the activity begins to discuss both the technical and non-technical aspects of the activity.
- h. Implementation report, this is mandatory, this report is given after the activity is carried out;
- i. Data, this is in the form of a report that covers all implementation processes and is made in the form of a described data report and Digital File data.
- j. This evaluation determines the feasibility of a program to be included in the CSR Profile. This evaluation examines the process during the implementation of the program and its activities to determine whether it meets the established expectations.
- k. Corporate Social Responsibility (CSR) Profile, activity reports that are recorded and used as news published by company media, for corporate image purposes.

Social responsibility provided directly by the company is the result of deliberations or work meetings held by the CSR team annually. Although in its implementation there are programs regulated to collaborate directly with other institutions outside the company, this is to achieve the implementation of GCG in CSR. Companies can collaborate with NGOs that regulate CSR activities, this is because there is community data containing programs collected from various sources that are taken through the process. Important things in the implementation of CSR are First, concerning Human Empowerment. Second, (Environments) which talks about the environment. Third, Good Corporate Governance. Fourth, Social Cohesion. This means that implementing CSR should not incite social jealousy. Fifth, Economic Strength, or empowering the environment towards economic independence.

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B. The Perspective of Business Ethics in the Implementation of Corporate Social Responsibility is Reviewed from Law Number 40 of 2007 Concerning Limited Liability Companies.

Business ethics refers to the ways of conducting business, encompassing all aspects related to individuals, companies, industries, and society. This encompasses how individuals conduct business fairly, in accordance with applicable Indonesian law, regardless of the individual's or company's standing in society. Business ethics is also a specialized study of moral right and wrong. This study focuses on moral standards as applied to business policies, institutions, and behavior. Business ethics is the study of formal standards and how they are applied to the systems and organizations used by modern society to produce and distribute goods and services, and to the people within the organization. Business ethics is essential in any business activity, so several factors are needed to underpin the company's business activities:

- a. Apart from risking goods and money for the purpose of profit, business also risks the name, self-respect, and even the fate of the people involved in it;
- b. Business is an important part of society;
- c. Business also requires ethics that are at least able to provide guidelines for the parties who carry it out.

Therefore, it is necessary to base the implementation of CSR on business ethics because this can align with the ethics instilled in each company. Each environment occupied by a company has its own culture and local wisdom. This is the basis for how companies, in addition to implementing GCG principles in the implementation of CSR, must also pay attention to business ethics in the implementation of CSR. The laws and regulations in force in Indonesia have established rules for the implementation of CSR in companies. The legal basis for CSR itself is spread across several regulations, namely in Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies (PP 47/2012). CSR is a sustainable commitment that must be carried out by companies as business ethics, ethical, legal, and contribute to improving the quality of life of workers and their families, local communities, and society as a whole. As explained, CSR is the responsibility of all companies and is an obligation for companies that carry out their business activities in the field of and/or related to natural resources. If it is not implemented, the company will be subject to sanctions. The obligation of CSR for companies in Indonesia is stipulated in Article 74 of Law Number 40 of 2007 concerning Limited Liability Companies. The law explains that companies conducting business activities in the field of and/or related to natural resources are required to carry out social and environmental responsibilities. Although Article 74 of Law Number 40 of 2007 concerning Limited Liability Companies only states that the CSR regulations apply to companies with business activities in the field of natural resources, in fact, CSR is a broad corporate responsibility, both those engaged in and/or related to natural resources. Other regulations are contained in Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. Article 2 of Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies explains that every company as a legal subject has social and environmental responsibilities for the company they founded.

Continuing on Article 2 of Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies, it is explained that basically every company as a form of human activity in the business sector, morally has a commitment to be responsible for maintaining a harmonious and balanced relationship between the Company and the environment and the local community in accordance with the values, norms, and culture of the community. The importance of business ethics and the preparation of Corporate Social Responsibility in accordance with the values that exist in society is one form of business ethics that is important to be implemented by the company. Ethical values must be used as guidelines by the company so that there is a balance of interests and benefits provided by the company to the community. So that CSR is not only a requirement for a company but there is a moral reciprocity that is carried out by the company to be given to the community.

CONCLUSIONS

The purpose of this research is to understand the concept of Corporate Social Responsibility (CSR) in a company and the implementation of Good Corporate Governance (GCG) in a company. So that it leads to the implementation of a company's business ethics in accordance with Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. In fact, there are several elements that make the implementation of CSR successfully implemented by a company, the most important of which is how to create a comprehensive GCG. If GCG is created well, from internal and external aspects it will affect the company in implementing CSR in the community. The importance of GCG implementation for companies as a social responsibility, and analyze the approaches that can be taken in implementing CSR. The results of this study are that the implementation process is carried out with a program taken from the results of work meeting decisions and program submissions from outside the company, then several subsequent processes until the program execution and implementation report. Corporate Social Responsibility (CSR) itself can be interpreted as a concept that emerged for corporate social responsibility in dealing with negative impacts on the quality of human life and the environment.

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RECOMMENDATION

CSR implementation can be comprehensive and efficient if it is continuously carried out by developing and actively implementing GCG principles within the company. So that stakeholders in the company are not only focused on profit-making activities but also have mandatory contributions. This is based on Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. In addition, the implementation of social and environmental responsibility must be included in the Company's annual report and accounted for to the GMS in accordance with Article 6 of Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies.

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