

Indonesia's New Corporate Activity Reporting Obligation: Effectiveness in CSR Oversight and Its Implications for Individual Limited Liability Companies

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ABSTRACT: Ministry of Law Regulation Number 49 of 2025 requires Limited Liability Companies (PT) to have an annual report, aligning with the Company Law Number 40 of 2007, particularly articles 66–67, as well as it was regulated on article 19 of the Ministry of Law and Human Rights Law Number 21 of 2021. Limited Company under this regulation includes Limited Liability Company (LLC) and Individual Limited Liability Company (ILLC). All activity reporting for ILLC must be submitted to the Minister through the legal entity administration system, including CSR activities. This reporting is expected to shift the approach from event-based to continuous compliance for a limited company, but it has become a key issue in the effectiveness of monitoring CSR activities with social and economic impacts. Can the government evaluate the implementation and supervision of CSR, especially for ILLC, or is this reporting merely bureaucratic compliance? Ideally, with the changed approach, the government should be able to take an active role in monitoring the effectiveness and benefits of CSR for the public. This study aims to evaluate the implementation and supervision of CSR in ILLC through the government system, to determine whether it is merely bureaucratic compliance or is able to effectively supervise CSR activities, particularly in ILLC. Using a normative research method, secondary data is used as the primary reference, collected on relevant topics, and processed into sources of information. The results of this study indicate that reporting of CSR activities for ILLC is not clearly mandated, and its implementation is still limited to bureaucratic compliance, with no concrete oversight mechanism for CSR implementation by ILLC. This study is expected to provide insight into the importance of structured CSR regulation for ILLC to create compliance balanced with strengthening business continuity in relation to environmental and social responsibility.

KEYWORDS: Individual Limited Liability; Annual Report; CSR; Compliance; Ministry of Law Number 49 of 2025

I. INTRODUCTION

The Limited Liability Company is a legal and business entity regulated by Law Number 40 of 2007 concerning Limited Liability Companies. This legislation establishes limited liability companies as capital-based partnerships. Furthermore, the Job Creation Law introduces a new form of limited liability company specifically designed for Micro and Small Enterprises (SMEs), acknowledging the substantial presence of businesses in this sector. Generally, a PT, as defined by Corporate Law No. 40 of 2007, is a company founded on a capital partnership, characterized by the separation of liabilities and assets between personal and corporate ownership, with the primary objective of profit generation. The formation of a company by individuals is based on an agreement between two or more persons and requires the fulfillment of a minimum capital requirement, with the stipulation that at least 25% of the capital must be paid in.

In an Individual Limited Liability Company (ILLC), several fundamental distinctions exist that can alter the conventional understanding of a Limited Liability Company. Generally, an ILLC is a legal entity characterized by a relatively simpler establishment process and lower capital requirements. Unlike traditional PTs, the formation of an ILLC does not necessitate an agreement between two or more individuals; rather, it can be initiated by a single individual without any minimum capital requirement. The establishment of an ILLC is motivated by the proliferation of Micro, Small, and Medium Enterprises (MSMEs), which significantly contribute to the national economy, and the need for legal protection for such businesses. This framework provides micro and small business actors with the convenience of obtaining legal certainty and protection as a business entity with legal standing (Kasih, 2022; Putri & Tan, 2022).

In the international context, the term of ILLC is analogous to a "sole proprietorship," which in Indonesia is typically classified as a Small and Medium Enterprise (SME). However, unlike a sole proprietorship, ILLC is characterized by limited liability and the separation of personal and corporate assets. Despite these distinctions, the primary objective of establishing a LLC remains

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consistent, namely, the pursuit of profit. This legal framework ensures that SME is safeguarded both legally and economically. Notably, ILLC offers significant advantages, such as sole ownership and simplified registration processes. Sole ownership enhances accountability for entrepreneurs within the company. Furthermore, the registration process is streamlined, eliminating the need for establishment by a notarial deed, thereby reducing establishment costs and encouraging the formation of UMK. The significance of ILLC to the national economy is substantial, particularly as it serves as the backbone of the MSME sector. Nonetheless, challenges such as access to capital, innovation, and digitalization persist, necessitating regulatory support and empowerment programs. Bank Indonesia and OJK play pivotal roles in optimizing adaptive regulations to facilitate the digital transformation of ILLC and other MSMEs, thereby contributing to broader financial inclusion in Indonesia (Hasanah et al., 2024; Jange et al., 2024).

ILLC, as an emerging form, represents an advancement in corporate law that facilitates business operations, particularly for the micro and small sectors, which previously encountered significant challenges in meeting the requirements for establishing an LLC (Kasih, 2022; Putri & Tan, 2022). Thus, the study in this paper positions Individual Limited Liability Individual companies are subject to the general regulations governing limited liability companies, which include responsibilities towards their surrounding environment and society. Several studies have indicated that the regulatory framework for ILLC remains insufficiently developed, particularly in the context of capital partnership-based limited liability companies. For instance, previous research on ILLC has identified regulatory and supervisory deficiencies. Putri and Tan, in their study, elucidated the presence of "legal loopholes" within the governmental regulations about ILLC. They argue that there is a need to fortify these regulations with implementing provisions and a more robust supervisory system to safeguard the interests of company owners and third parties, including creditors and consumers. Concurrently, other research has emphasized the necessity for more stringent oversight of paid-in capital and mandatory audits to ensure transparency and protect creditors and other stakeholders. This paper examines the regulatory framework governing Sole Proprietorship Limited Liability Companies in their execution of Corporate Social Responsibility (CSR) obligations, as mandated by the annual report requirements outlined in Ministry of Law Number 49 of 2025. The current regulations are perceived to contain legal loopholes and regulatory deficiencies in the implementation and oversight of CSR by ILLC, especially when compared to LLC (Limited Liability Company). Furthermore, the existing framework is criticized for its lack of systematic structure and ambiguous mechanisms concerning the effectiveness of supervision and reporting.

This study aims to evaluate the implementation and oversight of Corporate Social Responsibility (CSR) for ILLC through the governmental framework. It seeks to determine whether this framework merely ensures bureaucratic compliance or effectively supervises CSR activities. The objective of this research is to enhance understanding and awareness of the necessity for additional regulations concerning ILLC, particularly in the context of CSR. Such regulations are deemed crucial for an Individual Limited Liability Company to fulfill its responsibilities towards the surrounding environment and community.

II. RESEARCH METHOD

The research methodology employed in this study is normative, utilizing a qualitative approach to analyze regulations and policies concerning the implementation and oversight of Corporate Social Responsibility (CSR) by Individual Limited Liability Companies in Indonesia. The objective of this study is to assess the regulations, implementation, and efficacy of CSR supervision within ILLC, as guided by relevant laws and governmental policies. The data sources comprise secondary data, including legal documents and regulations pertinent to ILLC and CSR, such as the Law on Limited Liability Companies Number 40 of 2007, the Job Creation Law Number 11 of 2020, Ministry of Law Number 49 of 2025, Government Regulation Number 47 of 2012, along with other pertinent regulations. Additionally, literature reviews from journals, articles, and research reports related to CSR and ILLC in Indonesia are utilized as primary references. Data collection is conducted through library research and analysis of legal documents and relevant literature, systematically gathering data from official and academic sources. The data analysis is qualitative, focusing on regulations and policies governing CSR reporting and supervision in ILLC. This includes evaluating the alignment between existing regulations and CSR reporting and supervision practices, identifying legal gaps, challenges, and opportunities in CSR implementation by ILLC, and synthesizing policy recommendations based on these findings. The evaluation approach employs the concept of continuous compliance in CSR as a framework to assess the effectiveness of reporting and supervision, with indicators such as the integration of corporate governance, transparency and accountability, stakeholder engagement, and regulatory and policy alignment. This study is confined to the analysis of regulations and policies currently in force in Indonesia and the available literature, without conducting field research or interviews. This methodology enables the author to provide a comprehensive overview of legal and policy aspects and to formulate recommendations based on normative and conceptual analysis related to the implementation of CSR by ILLC.

III. RESULT AND DISCUSSION

A. Implementation of CSR for Individual Limited Liability Companies

The implementation of Corporate Social Responsibility (CSR) for Individual Limited Liability Companies in Indonesia remains voluntary and is constrained by regulations that do not specifically address small businesses and individual entities. The primary challenges, including a lack of transparency, limited oversight, and misalignment with local cultural values, necessitate approaches that emphasize collaboration, openness, and the integration of traditional cultural values. Nonetheless, CSR retains the potential to strengthen social relationships and enhance business value sustainably, even for small-scale and individual companies.

The implementation of these measures is governed by several legislative frameworks, including Corporate Law Number 40 of 2007, Government Regulation Number 47 of 2012, Coal and Mining Law Number 3 of 2020, and State-Owned Enterprise Law Number 1 of 2025. Although these regulations predominantly mandate compliance for state-owned enterprises and entities within the coal and mining sectors, recent studies indicate that the implementation of Corporate Social Responsibility (CSR) by small and medium-sized enterprises (SMEs) is conducted voluntarily, without explicit and consistent oversight by governmental authorities (Handayati et al., 2022; Ika et al., 2021). The prevailing regulations, norms, and relevant societal practices will influence the enforcement.

The regulation mandates that limited liability companies (LLCs) incorporate social and environmental responsibility into their operations. However, while the regulation requires LLCs to engage in corporate social responsibility (CSR), it predominantly targets large corporations and lacks specificity in governing micro, small, and individual enterprises. For large corporations and legal entities such as public companies or state-owned enterprises (SOEs), the implementation of CSR is more explicit and stringent compared to individual LLCs or small businesses that have not yet attained official LLC status. Consequently, CSR implementation in individual LLCs is generally voluntary and less formally structured, often leading to issues of transparency and accountability in the utilization of CSR funds. This situation may result in CSR practices among individual LLCs serving merely as formalities or as tools for image enhancement without yielding significant social impact. Furthermore, the absence of specific regulations and rigorous oversight means that CSR implementation within individual LLCs remains suboptimal. In the local cultural context, particularly in regions with traditional values such as Java, CSR implementation does not fully align with cultural values that emphasize openness and social sustainability, thereby limiting the positive impact on the surrounding community.

Nevertheless, this has emerged as a distinctive feature of Corporate Social Responsibility (CSR) within Individual Limited Liability Companies, particularly when contrasted with larger corporations and officially registered business entities, such as limited liability corporations and public companies. In Indonesia, CSR has already become an integral component of corporate social responsibility, as evidenced by various regulations, cultural norms, and practices that are pertinent to local conditions.

While Corporate Social Responsibility (CSR) is among the obligations of a Limited Company, the regulatory framework governing CSR for ILLC is often minimal and lacks formal structure, given their constrained capacity and resources. Numerous studies suggest that the adoption of CSR practices in small and medium-sized enterprises, or individual businesses, is predominantly voluntary and not subject to stringent governmental oversight. This is particularly true for businesses that do not qualify as public companies, which are mandated to transparently report their CSR activities in annual reports (Handayati et al., 2022; Ika et al., 2021).

With the promulgation of the latest regulation mandating annual reporting, the implementation of Corporate Social Responsibility (CSR) for ILLC in Indonesia is anticipated to advance significantly, particularly in terms of oversight directly conducted by the Government through the Ministry of Law. This oversight necessitates reporting via the legal entity administration system within the annual report. This requirement is articulated in Articles 16 to 20 of the Ministry of Law Regulation Number 49 of 2025, specifically detailed in Article 16 (6) point c, which mandates the inclusion of a report on company activities, including CSR, in the annual report. However, upon examining this article, it becomes evident that the CSR activity report, as part of an LLC annual report, is not a mandatory requirement for ILLC. This has sparked debate regarding whether such reporting will merely become an administrative or bureaucratic formality in the future. This is attributed to the absence of a binding reporting obligation for ILLC, coupled with the lack of concrete supervision and evaluation mechanisms concerning the implementation of CSR itself. Consequently, the effectiveness of CSR oversight is diminished, complicating the measurement and maximization of the socio-economic impacts of CSR activities, particularly for ILLC. The anticipated shift in CSR reporting from an event-based to a continuous compliance approach has not yet been fully realized in government oversight practices. It is expected that the government will not only receive reports as a formality but will also engage in effective monitoring and evaluation of the benefits of CSR for the public.

Overall, the implementation of Corporate Social Responsibility (CSR) at ILLC encounters challenges related to oversight and the effective utilization of reporting data to foster positive social and economic impacts. This necessitates improvements in oversight mechanisms and the establishment of more stringent policies to optimize the role of CSR within the context of ILLC. In terms of implementation, several issues are evident, including: 1) Lack of transparency and accountability; 2) Limited specific regulations; 3) Incompatibility with local cultural values. Concerning the first issue, CSR activities undertaken by ILLC are

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frequently executed primarily for the company's own interests, lacking transparency in the allocation of CSR funds. This situation precipitates a crisis of public trust, both towards ILLC itself and the CSR activities conducted, ultimately leading the public to perceive a deficiency in transparency and accountability (Pujiyono et al., 2017). A further issue pertains to the regulatory limitations concerning the implementation of Corporate Social Responsibility (CSR) in Individual Limited Liability Companies. In Indonesia, the mandate for CSR implementation is predominantly confined to State-Owned Enterprises (SOEs) and companies involved in natural resources. In contrast, for ILLC, which is primarily operated by Small and Medium-sized Enterprises (SMEs), CSR implementation remains voluntary, with minimal regulatory guidance and lacking stringent oversight (Pujiyono et al., 2017). A significant challenge in the implementation process is the lack of alignment with local cultural contexts. This misalignment arises from the norms and customs of the local community, which serve as critical reference points for the effective and impactful implementation of Corporate Social Responsibility (CSR) initiatives. Ensuring transparency in the execution of these initiatives is essential for their success, as it enables them to benefit society rather than merely satisfying administrative requirements (Pujiyono et al., 2017).

Nevertheless, these challenges do not negate the potential of Corporate Social Responsibility (CSR) as a strategic tool capable of enhancing social relations and improving corporate reputation, including for ILLC. To be effective, CSR practices at ILLC should adopt an approach that emphasizes transparency, openness, and the integration of local cultural values. This ensures that CSR initiatives transcend mere administrative compliance and genuinely address the needs of the surrounding community and environment. By actively collaborating with local communities, regional governments, and other stakeholders, ILLC can implement CSR initiatives that are more structured and yield sustainable social impacts. Furthermore, CSR can serve as a source of innovation, enhance employee morale, and assist in managing business risks, thereby strengthening the company's long-term competitiveness in the market.

Corporate Social Responsibility (CSR) among small businesses and individuals significantly contributes to sustainable development, social welfare enhancement, and the strengthening of relationships between companies and their surrounding communities. Despite the constraints posed by formal regulations and limited resources, it is imperative to align business objectives with social and environmental responsibilities to optimize CSR utilization. Consequently, the advancement of CSR in ILLC in Indonesia necessitates an inclusive, contextual, and sustainable approach to make a tangible contribution to community development and promote socially and environmentally conscious progress (Faculty of Management Science, Silpakorn University, Phetchaburi, Thailand et al., 2025; Lu et al., 2018; Pujiyono et al., 2017)

In light of the challenges encountered, ILLC possesses substantial opportunities to implement Corporate Social Responsibility (CSR) as a strategic approach to enhance its reputation, customer satisfaction, and business innovation, grounded in ethics and sustainability. CSR at ILLC can function as a strategy for conducting business in an ethical and sustainable manner, encompassing social, environmental, and economic dimensions. This approach can be utilized to reinforce the company's business legitimacy and cultivate a favorable reputation among customers and the broader public. Consequently, the implementation of CSR can become an integral component of ILLC business strategy to sustain and develop its operations, particularly in addressing the needs of consumers who are increasingly attentive to corporate social responsibility (Global & Kazanskaia, 2025; Jermstipparsert et al., 2019). Conversely, the implementation of Corporate Social Responsibility (CSR) initiatives that emphasize environmental contributions and human resource management can enhance customer satisfaction. A company that effectively engages in CSR activities, such as local environmental conservation or employee empowerment, is likely to gain increased customer trust and loyalty. This, in turn, has the potential to improve business performance both directly and over the long term (Jermstipparsert et al., 2019). Corporate Social Responsibility (CSR) can be conceptualized as a strategic response to societal challenges. In this context, an individual PT operating within the Indonesian market can implement a CSR model that not only aligns with global trends but is also specifically adapted to local social conditions, cultural nuances, and challenges such as social inequality and evolving regulatory frameworks. This tailored approach enables ILLC to address gaps that may not be effectively managed by other institutions, thereby positioning CSR as a potent instrument for fostering community development and ensuring social stability in the vicinity of the business (Global & Kazanskaia, 2025). An Individual Limited Liability Company can also utilize Corporate Social Responsibility (CSR) to innovate products and business processes that are both environmentally and socially sustainable. As a relatively more agile entity, an Individual PT can employ CSR as a strategy for innovation in products and business processes that adhere to environmental and social responsibility. Emphasizing this form of innovation can enable Individual PTs to compete in the market by offering sustainable added value, while also attracting investors and consumers who are increasingly concerned with ethical business practices (Graafland & Zhang, 2014). Considering these factors, an ILLC can integrate Corporate Social Responsibility (CSR) as a fundamental component of its business model, ensuring a realistic scope and focus. Additionally, it can capitalize on local partnerships and existing resources to enhance the effectiveness of CSR implementation (Global & Kazanskaia, 2025; Jermstipparsert et al., 2019; Selin et al., 2023)

In addressing the challenges and opportunities associated with the implementation of Corporate Social Responsibility (CSR) for individual liability companies, several pertinent implementation models for ILLC can be identified. The first model involves a

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voluntary approach that emphasizes transparency. Although not yet mandated as a requirement for individual liability companies, CSR can be encouraged through voluntary application, grounded in the principle of transparency in the utilization of CSR funds, to foster trust among the public and stakeholders. The second model integrates cultural values and regulatory compliance, wherein adherence to regulatory obligations is achieved without neglecting the principle of societal benefit. This approach should be applied to both the environment and the community as a tangible expression of responsibility, aiming to foster social harmony and enhance the welfare of the surrounding population. Finally, to ensure the effective, efficient, and impactful execution of these two elements, collaboration with local stakeholders is essential. Such collaboration is crucial and involves partnerships with the local community, local government, and non-governmental organizations to implement more structured and positively impactful CSR programs (Raharjo et al., 2024).

Effective implementation of Corporate Social Responsibility (CSR) can significantly enhance a company's reputation and value, including for ILLC, whose existence is profoundly influenced by its relationships with the local community. While empirical research has predominantly focused on medium- and large-scale enterprises, the adoption of CSR can also serve as a beneficial factor in bolstering business sustainability and augmenting customer loyalty (Handayati et al., 2022; Ika et al., 2021).

B. Evaluation of CSR Implementation and Reporting by Individual Limited Liability Companies in the Annual Report

According to Company Law Number 40 of 2007, the Job Creation Law Number 11 of 2020, Law Number 1 of 2025 concerning State-Owned Enterprises (SOE), and Law 3 of 2020 on coal and mineral mining, the implementation of Corporate Social Responsibility (CSR) is not mandated for ILLC in Indonesia. Nonetheless, ILLC retains the opportunity to engage in responsible practices and contribute to environmental and social issues. Government Regulation Number 47 of 2012 concerning CSR, Law Number 11 of 2020 on job creation, and Ministry of Law Regulation Number 49 of 2025 do not impose any requirements on ILLC to assume responsibility in environmental and social matters.

Conversely, the latest regulation mandates the inclusion of Corporate Social Responsibility (CSR) activities in the annual report, as specified in Article 16 of Minister of Law Regulation Number 49 of 2025. This regulation pertains to the requirements, procedures for establishment, amendment, and dissolution of legal entities in the form of limited liability companies, specifically in Article 16 (3) letter c. This requirement contrasts with the provisions in Articles 27 to 29, which limit the obligation for Individual PTs to financial report responsibilities, differing from the scheme applied to LLC. This distinction appears incongruent when considered alongside Article 2, which delineates the types of companies addressed by this regulation. Consequently, Articles 27–29 do not impose a reporting obligation for CSR activities on ILLC. Although CSR is not compulsory, the annual report, inclusive of CSR activities, remains a requisite under this provision. The government retains the authority to oversee its implementation through annual reports, which must be submitted within six months following the conclusion of the fiscal year, subject to shareholder approval and documented as a notarial deed. Subsequently, all such reports are submitted electronically via the SABH system. ILLC that fail to report within the stipulated six-month period, particularly concerning CSR activities, whether in the form of activity reports or financial statements, will receive written warnings through the account system, necessitating compliance within 30 working days.

The inadequate regulation concerning the implementation of Corporate Social Responsibility (CSR) in Individual Limited Liability Companies results in the inability to achieve continuous compliance, particularly in the execution and oversight of CSR activities. Continuous compliance within the CSR framework denotes the persistent and systematic adherence by corporations to a range of social, environmental, and governance standards and practices as part of their CSR initiatives. This involves consistently aligning business operations and strategies with ethical principles, regulatory requirements, stakeholder expectations, and sustainability objectives over time, rather than through isolated or sporadic efforts. Continuous compliance is crucial in CSR as it ensures that companies not only initiate but also sustain responsible business conduct that benefits society, the environment, and their own long-term viability. Sustainable CSR strategies inherently demand ongoing effort, monitoring, and adaptation to evolving regulations, societal norms, and stakeholder demands. Companies that integrate continuous compliance into their CSR practices are better positioned to earn trust, mitigate risks, and enhance their reputations. (Faculty of Management Science, Silpakorn University, Phetchaburi, Thailand et al., 2025). To ensure continuous compliance, it is imperative to integrate corporate governance with transparency and accountability, engage stakeholders effectively, and implement rigorous monitoring. Additionally, alignment with regulatory frameworks and policies is essential. The corporation should collaborate with governmental entities to sustain corporate social responsibility (CSR) initiatives that adhere to ethical standards and address environmental and social imperatives, particularly in sectors facing complex sustainability challenges, such as the oil and gas industry (Emeka-Okoli et al., 2024). Both governmental and corporate entities must recognize the significance of sustainability accounting and transparent sustainability reporting. These practices are crucial for demonstrating ongoing compliance with corporate social responsibility (CSR) standards. Frameworks such as the Global Reporting Initiative (GRI), the United Nations Global Compact, and ISO 26000 offer standards and guidelines for disclosing non-financial information related to economic, social, and environmental impacts. These frameworks assist companies in communicating their sustained CSR performance and

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enable stakeholders to hold them accountable (Peršić et al., 2017). To maintain compliance with Corporate Social Responsibility (CSR) standards, it is essential to engage proactively with stakeholders to comprehend their evolving expectations and address social issues such as poverty, education, and health. Regular stakeholder engagement facilitates CSR activities that remain pertinent and effective, thereby enabling companies to sustain positive social impacts and mitigate resistance or skepticism (Faculty of Management Science, Silpakorn University, Phetchaburi, Thailand et al., 2025; Iyengar, 2024). Similar to the civil law system, consistent adherence to laws and regulations serves to shield companies from legal risks and facilitates alignment with national development objectives. Policies that promote Corporate Social Responsibility (CSR) encourage sustained compliance through formal frameworks and incentivize companies to uphold their commitments (Lu et al., 2018). Achieving effective continuous compliance necessitates addressing challenges such as reconciling short-term profitability with long-term sustainability, managing the demands of diverse stakeholders, and enhancing standards of disclosure and transparency (Emeka-Okoli et al., 2024; Murillo-Avalos et al., 2021). Companies should establish integrated management systems that align corporate social responsibility (CSR) objectives with business strategy and governance. They should adopt internationally recognized reporting standards to enhance comparability and transparency, improve stakeholder engagement processes to sustain relevance and trust, utilize technological solutions for efficient monitoring and reporting, and cultivate leadership commitment to ethical and transformational leadership to facilitate continuous CSR integration (Velmurugan et al., 2024).

When evaluated using the continuous compliance indicator, it becomes evident that the government has not fulfilled any of the following elements in enforcing the supervision and regulation of PT: corporate governance integration, transparency and accountability, stakeholder engagement and monitoring, and regulatory and policy alignment. This is particularly evident in the context of systematic centralized reporting by SABH concerning the implementation and supervision of CSR by individual PTs. However, this observation applies to LLC.

In light of this evaluation, several measures can be undertaken to respond to the policies and oversight established to develop an effective model for the implementation and supervision of Corporate Social Responsibility (CSR) in Individual Limited Liability Companies, despite it not being mandatory. Policy recommendations for CSR implementation in these companies include integrating CSR within the framework of Good Corporate Governance, developing realistic and contextual CSR guidelines, focusing on CSR programs that empower the surrounding community and environment, and implementing government policies in the form of incentives to support CSR initiatives in Individual Limited Liability Companies.

Corporations engaging in Corporate Social Responsibility (CSR) must establish robust governance frameworks. The implementation of CSR significantly facilitates the promotion of Good Corporate Governance across various dimensions. This is attributable to the enhancements in internal governance mechanisms, which are designed to support CSR initiatives and can yield both internal and external benefits for the corporation. Consequently, individual limited liability companies should develop a governance structure that incorporates CSR into the company's policies and culture, thereby fostering transparency, accountability, and business sustainability. (Dewi & Widagdo, 2013). To enhance the concreteness of Corporate Social Responsibility (CSR) practices within individual limited liability companies, it is essential to integrate CSR with Good Corporate Governance (GCG) implementation. A CSR guideline tailored to the specific scale and conditions of these businesses is necessary to ensure that CSR programs remain relevant and accessible. This strategy can assist companies in avoiding "greenwashing" practices and in ensuring that social and environmental sustainability receive tangible attention. While global standards such as the Global Reporting Initiative (GRI) may serve as a reference, they should be simplified to align with the capacity of ILLC (Pratama et al., 2019). Both policies remain inadequate in facilitating the concrete implementation of Corporate Social Responsibility (CSR) within individual PTs. The adopted policies must incorporate CSR initiatives focused on community development and empowerment, as this approach is substantiated by evidence from CSR practices in the mining sector and their positive impact on local development. Consequently, such policies have the potential to both motivate and obligate individual PTs to engage in local community development through collaboration with relevant stakeholders and alignment with regional development policies (Prasetyo et al., 2022). The final policy that the government can implement involves offering fiscal incentives, facilitating training, and reducing bureaucratic requirements for reporting. If enacted, this measure is considered strategically significant in supporting the effective and measurable regulation and technical implementation of CSR programs (Lu et al., 2018).

In overseeing the implementation of corporate social responsibility (CSR), supervision can be conducted internally by the owner or within the management structure, as well as externally by involving third parties. This process includes management, digital reporting, and evaluation, and the application of CSR measurement and reporting standards. CSR implementation supervision can be executed both internally and externally, engaging various relevant stakeholders. In the context of an individually owned private limited company (PT), which typically has a straightforward management structure, CSR supervision is most effectively achieved through the direct commitment of the owner and management. This includes the establishment of policies and routine monitoring of CSR program implementation. Internal monitoring can be supplemented with periodic reports that are prepared and published transparently, even if in a simplified manner (Dewi & Widagdo, 2013). Currently, reporting has been conducted transparently to the government; however, it has not yet been fully disclosed to the public. External oversight can

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be facilitated through the establishment of partnerships with local government, non-governmental organizations (NGOs), and the community to assist in monitoring the external implementation of corporate social responsibility (CSR). This collaborative model enhances the credibility of oversight and ensures that CSR programs are aligned with the social and environmental needs of the company's surroundings. Such oversight also enhances the company's accountability and legitimacy, while providing ILLC with feedback for continuous improvement.(Prasetio et al., 2022). To enhance transparency and integrate information regarding the implementation of activities, individual PTs may utilize a straightforward digital platform for regular CSR reporting and monitoring. This approach facilitates data collection, activity evaluation, and communication with relevant stakeholders, particularly to ensure that CSR activities are executed as planned and achieve the intended impact (Pratama et al., 2019). This has been accomplished under the current policy framework, which mandates that all reporting related to Individual PTs, including Corporate Social Responsibility (CSR) activities, be conducted electronically to the Minister of Law via the Sistem Administrasi Badan Hukum (SABH), an integrated system for reporting all business activities, particularly those of legal entities. While these supervisory recommendations represent an ideal model for CSR oversight in Individual PTs, they lack significance without established measurement and reporting standards. This issue is paramount, as ensuring accountability necessitates that the supervision model be accompanied by CSR measurement standards that are simplified, comprehensible, and implementable by Individual PTs. These standards could take the form of CSR report templates that emphasize program outputs and outcomes in the domains of environment, social, or governance. Such measures will enhance the quality of CSR disclosure and facilitate the evaluation of CSR performance without imposing onerous procedures on companies (Pratama et al., 2019).

CONCLUSIONS

The study concludes that the obligation to include an annual report, particularly concerning Corporate Social Responsibility (CSR) activity reports, within a Limited Liability Company (LLC) is not explicitly mandated. Furthermore, the implementation and oversight of CSR in Individual Limited Liability Company (ILLC) in Indonesia encounter significant challenges, primarily due to the absence of specific regulations and effective supervisory mechanisms. Although CSR reporting is required through annual reports, it has not yet resulted in comprehensive and sustainable oversight, rendering CSR implementation largely administrative and voluntary, with limited socio-economic impact. To enhance the regulation and supervision of CSR in individual PTs, it is imperative to strengthen regulations and implement provisions, adopt digital-based monitoring and evaluation systems, employ a continuous compliance approach, engage in capacity building, foster collaboration between the government and stakeholders, and implement clear incentives and sanctions. These measures are anticipated to improve the quality of CSR disclosure, facilitate the evaluation of CSR performance, and promote CSR implementation that is more transparent, accountable, and beneficial for society and the surrounding environment.

Recommendations for the implementation and oversight of Corporate Social Responsibility (CSR) in Individual Limited Liability Companies encompass the enhancement of regulatory frameworks and the establishment of rules, the development of digital-based monitoring and evaluation systems, the adoption of a continuous compliance and capacity-building approach, the promotion of collaboration between government entities and stakeholders, and the application of both incentives and sanctions.

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