

## CSR-Based Corporate Environmental Policy Implementation

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### ARTICLE INFORMATION

**Received:** 08 October 2021  
**Accepted:** 14 November 2021  
**Published:** 27 December 2021  
**DOI:** 10.32996/bjes.2021.1.1.6

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### KEYWORDS

CSR-Based Corporate  
Environmental Policy, Corporate  
Social Responsibility,  
environmental management

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### ABSTRACT

Environmental problems are increasingly showing an increase. This phenomenon indicates that environmental policies have not been successful. Companies must pay attention to all aspects, namely financial aspects, social aspects, and environmental aspects based on the Triple Bottom Line concept. Not only concerned with the benefits to be achieved. As a business is running its business, the company must pay more attention to the social and environmental conditions. Corporate Social Responsibility (CSR) can be used as an alternative that should be developed to share the direction of corporate responsibility towards various social and environmental issues. The problems of this research are how to implement the company's Corporate Social Responsibility in environmental management and how the synergy between the government and companies in the company's Corporate Social Responsibility. This research using qualitative methods and field observations shows actual results that provide conclusions and recommendations for immediately improving systems, strategies, and implementing policies that favor the environment.

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### 1. Introduction

Environmental problems are increasingly showing an increase. This phenomenon indicates that environmental policies have not been successful. The exploitation of natural resources and the environment has led to the deterioration of the environmental quality of natural resources, particularly in the monitoring and development of living mechanisms. This case is due to inconsistency in the implementation of environmental management and within its institutions.

Environmental control and management are closely related to the welfare of the people of a country. Through environmental control and management. For a country that claims to be a welfare state, making people's welfare the state's goal of living as a state.

For more than a decade, problems related to pollution of the human environment have received extreme attention from the international community. Problems such as population explosion, an increasing number of poor people, rapid urbanization, abandonment of rural lands, and industrial development that does not consider the resilience of natural resources have concerned many groups such as politicians, intellectuals, community leaders, and others. On various occasions at international meetings, this well-founded concern has been expressed in necessary political declarations, which can be seen as criticisms of development styles that do not pay attention to the demands of ecological balance. The sustainable development paradigm declared by politicians, intellectuals, and environmentalists is not implemented according to convening mutually. It can be seen from the environmental damage (the impact of greenhouse gases, the warming of the earth, and climate change) that occurs worldwide, including in Indonesia.

Companies must pay attention to all aspects, namely financial aspects, social aspects, and environmental aspects based on the Triple Bottom Line concept. Not only concerned with the benefits to be achieved. As a business is running its business, the company must pay more attention to the social and environmental conditions around it. So, when the company has made a profit, the company must realize that there is a community around it and think about what responsibilities it must do to the community.

A limited liability company carries out its activities as a company by its field. In carrying out its activities in the company's interests, a company often does not need to pay attention that they have responsibilities to stakeholders. Stakeholders here include

employees, customers, suppliers, shareholders, or the government. One of the company's responsibilities is the responsibility to the community around the company.

Corporate Social Responsibility (CSR) can be used as an alternative that should be developed to share the direction of corporate responsibility towards various social and environmental issues. CSR can be used as a strategy for the company to take sides with the community and the environment. It can also be a form of activity to maintain and make efforts against the possibility of harmful access to industrialization. However, not a few companies in the community almost have a negative impact, even though they benefit welfare and development.

Law No. 40 concerning Limited Liability Companies enacted in 2007, and various awards held, such as the Ministry of Environment's Environmental Management Company Performance Assessment Program (PROPER), is a form of government affirmation of the importance of implementing CSR and even the Indonesian government in real terms. Establish an operational framework in Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility. Article 74, paragraph 1 clearly states that "Companies that carry out their business activities in the field of or related to natural resources are obliged to carry out social and environmental responsibilities."

The obligations stated in law 40 must be interpreted with a company's need to implement CSR programs in the form of community development, because like it or not, the company will adapt to the surrounding social environment and at the same time gain the trust of the community.

Based on the background above, the preliminary study that the author wants to discuss is managing the company's environment. From this explanation, the author formulates the problem as follows:

- A. How is implementing the company's Corporate Social Responsibility in environmental management?
- B. How is the synergy between the government and companies in the company's Corporate Social Responsibility?

Research cannot be separated from the purpose and benefits of research; likewise, the author's research is related to the company's environmental management program.

The objectives to be achieved by the author in this study are as follows:

- A. To find out the implementation of the company's Corporate Social Responsibility in environmental management.
- B. To find out the synergy between the government and companies in the company's Corporate Social Responsibility.

## **2. Literature Reviews**

To ensure legal certainty so that people are aware of preserving their environment, the government has prepared legal instruments, especially environmental Law, to ensnare polluters and environmental destroyers. The laws in question are Law Number 4 of 1982 concerning the Environment (UULH) and Law Number 23 of 1997 concerning Environmental Management (UUPLH) and have been enhanced by the latest Law, namely Law Number 32 of 1997. 2009 concerning Environmental Protection and Management (UUPPLH). The existence of this Law is expected to be reference material for law enforcement officers to take action against parties who have intentionally or unintentionally polluted the environment. Law enforcers can resolve cases of environmental crimes that occur, especially the problem of water pollution by industrial waste, which is often rampant, especially in big cities (Hakim, 2015, p. 117).

One area, which is increasingly attracting attention is environmental politics. Environmental politics began to develop in the late 1960s and early 1970s. According to Paterson in Herman Hidayat, environmental politics is an approach that combines environmental problems with economic politics to represent a dynamic shift in tension between the environment and humans and between various groups in society on a scale from local individuals to transnational as a whole. (Hidayat, 2005, p. 9).

According to the language, *Corporate Social Responsibility* is defined as implementing a company's responsibility to the environment in which the company is established and operates. Law Number 40 of 2007 concerning Limited Liability Companies chooses to use the terms responsibility and environment for elaboration in the regulation. At that time, there was no unified language for the term CSR, but conceptually everything had the same meaning (Azheri, 2012, p. 5).

Corporate social responsibility is limited to giving donors, but the concept is comprehensive and not static and passive, only issued from the company, but rights and obligations shared between stakeholders.

Several experts have put forward the definition of Corporate Social Responsibility (CSR) itself. Among them is the definition put forward by Clement K Sankat in Bambang Rudito & Melia Fabiola, CSR is a business commitment to act ethically, operate legally and contribute to economic development, along with improving the quality of life of employees, their families, local communities and society at large ( Rudito & Famiola, 2013, p. 105). The theory is often used as a policy reference related to a company's social obligations.

### 3. Research Method

The research used in this study is qualitative. Qualitative research seeks to reveal the symptoms as a whole and under the context through data collection and natural settings by using the writer's self in the field as a critical instrument. In qualitative research, it was not found that there were numbers analyzed using statistical tools, but the author carried out data obtained from various means. The research method used in this research is descriptive research.

The definition emphasizes that descriptive research is carried out to find out and explain the characteristics of the variables studied in a situation. The purpose of descriptive research is to make a description or describe the facts. The author will describe matters relating to environmental management.

The author collects data, going directly to the field to get actual data from the community. These steps aim to avoid errors or mistakes in the research results obtained later. The data collection techniques in this study are:

1. Observation method is a daily human activity by using the eye's five senses as its primary tool in addition to other senses such as ears, smell, mouth, and skin.
2. Interview method is the process of obtaining information for research purposes utilizing a question and answer while face to face between the interviewer and the informant or the person being interviewed, with or without using interview guidelines, where the interviewer and informant are involved in a relatively long social life.
3. Documentary Method is information stored or documented as documentary material. The tools used to carry out this method are video cameras, photos, and audio recorders.

### 4. Results and Discussions

*Environmental management* is an effort to preserve environmental functions, including structuring, utilizing, developing, maintaining, recovering, monitoring, and controlling the environment. The environment itself is all objects and forces and conditions, including humans and their actions, which are contained in the space where humans are located and affect the survival and welfare of humans and other living bodies.

Environmental problems are developing rapidly, marked by environmental pollution and destruction activities closely related to technological advances, which are the success of multi-aspect national development activities. Technological progress has positive and negative impacts, especially for environmental conservation. The occurrence of environmental pollution certainly harms human survival or the surrounding community. Usually, environmental pollution occurs due to the production process of a company.

Companies established in one place must pay attention to the balance and sustainability of natural resources used in their industrial processes and prevent damage and pollution to the environment due to business and industrial processes carried out. Negative impacts can be in the form of disruption of damage and danger to the safety and health of the surrounding community caused by pollution of land, water, and air, including noise caused by industrial activities.

Environmental protection is a management policy in management's efforts to ensure sustainable development. Environmental management and monitoring are continuously carried out by the company in collaboration with relevant external institutions. Awareness of the importance of environmental management has started from establishing factories that are constantly being developed and perfected. One of Semen Tonasa's environmental management efforts is to update the ISO 14001 environmental management system from the 2004 version and was declared appropriate by the International Certification Body.

As is well known, the ISO 14001:2004 environmental management system is an international standard relating to environmental management to help organizations minimize the negative impact of their operational activities on the environment, which includes air, water, sound, or land.

The environmental management system is an integral part of the company's overall management system, which consists of a set of systematic arrangements covering the organizational structure, responsibilities, procedures, processes, and resources to realize the company's environmental policy that the company has outlined. The environmental management system provides a mechanism to achieve and demonstrate sound environmental performance through efforts to control the environmental impact of product and service activities. The system can also anticipate growing demands, improve environmental and consumer performance, and meet environmental regulatory requirements from the government.

The benefits of an environmental management system or, in other words, the benefits of an ISO 14001 certificate for companies that implement it are:

- A. Reducing the potential negative/negative impact on the environment
- B. Improve environmental performance
- C. Improve the level of compliance with environmental regulations
- D. Reducing and overcoming environmental risks that may arise

- E. Can reduce production costs and increase revenue
- F. Can reduce work accidents
- G. Can maintain good relations with the community, government, or other parties who have a severe concern for the environment
- H. Assure consumers regarding the top management's commitment to the environment
- I. Can improve company image
- J. Increase consumer confidence
- K. Enlarge market share
- L. Facilitate and obtain permission and access to bank credit
- M. Increase the motivation of workers
- N. Improve relationships with suppliers as a step for sustainable development.

In addition, the company seeks to create a "green industry" by making every effort to maintain and improve the quality of the environment and ecosystem in a sustainable manner, such as tree planting by employees and the surrounding community. The company shows concern for the environment around the factory, planting various productive tree seedlings, such as breadfruit, rambutan, longan, mango, and hybrid coconut. This activity can provide benefits in reducing air pollution and producing beneficial fruits for the community around the factory.

These efforts portray the company's performance, especially in responding to the challenges of being an environmentally friendly company and prospering the surrounding community.

Corporate Social Responsibility (CSR) has become an essential thing and has also been implemented in various forms of activity. The implementation of CSR plays an essential role in the company's sustainability. The interests of CSR do not only belong to the company. It also belongs to stakeholders. In this case, the community around the mine becomes another actor who has an interest in CSR. The company's activities, especially companies engaged in the extraction of natural resources, have impacted various elements in the lives of communities around the mine. Therefore, companies must respond to various issues circulating in the community by implementing CSR.

The company implements CSR programs to realize the company's mission-related efforts to create environmentally friendly conditions for the surrounding community sustainably and systematically in the form of planned programs. In this program, the company has strategic steps:

1. Health promotion and a healthy living culture for the surrounding community and company employees.
2. Continuous improvement of the quality of education and providing mutual benefits.
3. Establishing partnerships in carrying out economic programs oriented towards community independence.
4. Management of village areas to reduce the impact of operations, environmental sustainability, and energy support.

The CSR program is realized through the company's CSR vision into various welfare improvement programs, increasing the preservation of nature and the surrounding environment and community empowerment in the environmental sector. The company assists in a natural disaster in necessities, medicines, medical personnel, evacuation equipment, temporary shelter shelters, building materials, and rental of heavy equipment for victims of natural disasters such as typhoons, floods, and fires. In terms of public facilities and infrastructure, the company renovates educational facilities, community health centres, village offices, maintains roads/bridges/irrigation, renovates houses/different houses that are not suitable, and repairs religious facilities.

In practice, this effort still shows ineffective results. This phenomenon is shown by the fact that residents still complain about this environmental program. According to them, the provision of assistance is not in line with their expectations.

The company carries out environmental education or seminars, nurseries, or plant/fish maintenance in the nature conservation segmentation. These variables include financing for fertilization, maintenance, watering, dust fees, and reclamation of ex-mining land through reforestation.

In collecting field data, it is seen that the environmental impact of factory dust is the most detrimental to the surrounding community. People must be exposed to dust every day. It often disturbs people's activities and the ecological impact of rice fields. Previously, residents could still harvest twice a year. Recently, since the existence of the factory, it can no longer be done continuously because residents often have to face a shortage of water supply during the dry season. The provision of clean water is still not adequate because it is still not running according to community expectations.

Moreover, the rivers around the village are also polluted from the factory activities. Dust rain often disturbs community activities and the ecological impact of rice fields. Previously, residents could still harvest twice a year, and recently, since the existence of the

factory, it can no longer be done continuously because residents often have to face a shortage of water supply during the dry season.

Several CSR programs seek to increase the capacity of local communities. However, in general, the realization of the program is more oriented towards charitable activities in the form of establishing physical infrastructure in the form of building education, health, clean water infrastructure, roads, and places of worship.

In this context, sometimes, it is not easy to separate the real purpose of the development. The development is sometimes not aimed at the local community but at the company itself. For example, establishing transportation facilities on roads at a certain level is intended to speed up production.

It can be seen from field observations that the company's operational activities in the transportation process run smoothly. It is just that the path through which cargo trucks go in and outlooks very arid and dusty. These conditions are not reassuring to residents who live near the area.

There should be planning, utilization, control, maintenance, supervision, and law enforcement. To preserve environmental functions and prevent pollution or environmental damage. Because with good planning, the protection and management of the environment will work well too. Likewise, the use, control, maintenance, supervision, and law enforcement can be excellent and correct if the planning is also good beforehand.

Seeing this, the community around the company's factory hopes that this assistance is carried out evenly, not favouritism because there are still residents who do not receive dust money, and this is what triggers a demonstration which is a protest activity carried out en masse by the residents because they feel there is a mismatch between what ought to be and what is. Because according to him, extraction activities carried out by mining companies from mining activities include the environment where exploration is carried out can result in environmental degradation.

The destruction of rice fields is an environmental problem that the company must resolve. The damage to the residents' rice fields certainly impacts the economic aspects of the residents, most of whom make a living as farmers. In addition to environmental problems, residents also complained about health problems. Dust from blasting karts (the raw material for cement) resulted in residents being exposed to lung infections.

Issues related to CSR cannot be solved by one party alone, meaning that this is not only the company's responsibility. The expected synergy is a partnership between companies, the government, and the community. This synergy is called a tripartite partnership. In applying the CSR concept in various program areas, the government can take on the role of a facilitator. So that the government does not just hand it off, but the government is also actively involved in continuing to encourage CSR programs.

Furthermore, in carrying out its role and function as a regulator by compiling standards and rules regarding the implementation of CSR through government regulations and paying attention to the principles of Good Corporate Governance (GCG), the government also pays attention to the principles of good governance in policymaking. The making of this policy must be free, without anyone's influence, and able to coordinate the parties' interests, namely the business community and the community, fairly and transparently.

The company must also act as a social agent of change because it has set aside a portion of its net operating profit and must pay taxes, which boosts local revenue (PAD) and increases its foreign exchange. In addition, the company also sets aside a portion of its operating profit from the community. It must be supported by various parties honestly without any political deviations from the government (central and regional), NGOs, and the community, and these parties control each other so that the direction CSR movements in various fields remain the target.

The expected form of community role is to provide information, suggestions, and input or opinions to determine the program to be carried out. The community can direct this form of participation or representatives from all existing communities, such as NGOs, youth and student groups, and religious and community leaders. The local community must be seen as a unit with the company that can provide mutual benefits.

This tripartite partnership is a synergy between the business world, the government, and the community and must be further improved. The company maximizes its potential to carry out a comprehensive and sustainable CSR program from a business perspective. From the community perspective, they can play a proactive role by providing good input to the company and actively participating in the CSR program's success. As for the government, it is necessary to create a conducive climate for the development of CSR programs held by the business world so that public, private, and community partnerships are realized. The end goal is clear if the sense of togetherness is strong, everything can grow and develop sustainably.

On the other hand, the company does not directly invite the government to participate in CSR activities. The company should involve the village government in CSR activities to create a good, harmonious, and trusting relationship between the company and village officials. The purpose of holding the forum is indeed good, but the forum has not united various interests among

stakeholders. Therefore, it must be more open and transparent and interact more directly with the community and village government to establish excellent cooperation.

Lack of communication between the company and not solely because of the company's fault. The village government should also try to get closer to the company and involve themselves in every CSR activity of the company.

The low involvement of the community with the village government in the realization of the CSR program is showing low participation. One reason is that the program is designed by the company and does not involve the community and government. At the realization stage, the program involves the community and government with different intensities, while at the evaluation and reporting stage, it appears that this stage does not involve them. The result is that the coordination in realizing the program between the company and the local government is not going well, which causes the company's CSR activities to be less exposed.

Ideally, CSR programs are practised integrally with village government development programs. However, the reality is that CSR programs are integrated into regional development programs or run separately without a clear framework. Economically this creates inefficiency. On the other hand, socio-politically, this will confuse the community resulting in poor relations between the village government and the company.

The village government should embrace the company to synergize the community empowerment programs, not seeming like they are running alone. Building schools, roads, and places of worship is the government's job, not companies. Companies are responsible for paying taxes to the state and government. The government is responsible for managing tax funds to, among other things, build infrastructure and public facilities. Even though CSR implementation is the company's obligation, it does not mean that everything is its responsibility.

The overlapping responsibilities between the company and the village government will disrupt the system and obscure proper accountability. Do not let the community continue to be trapped and turned upside down in a place where the state bears the damage caused by a company's operations. In contrast, the state's responsibility for the welfare of the people is instead delegated to the company.

## **5. Conclusion**

Based on the results of the research and discussion that has been stated, the researchers conclude as follows:

- A. The company, as a business entity that manages natural resources, has carried out legal obligations, namely carrying out social and environmental responsibilities as stated in various laws and regulations regarding social and environmental responsibility as stated in the Regulation of the Minister of BUMN Number 4 of 2007 concerning Partnership Programs and Community Development (PKBL). The company also implements the ISO 14001 environmental management system with the 2004 version and is certified by the International Certificate body. This condition can minimize the negative impact of their operations on the environment, including air, water, and land.
- B. The company CSR program is still not practical because there are still activities that have not been carried out properly due to lack of supervision from the company and less involvement of the community and government. The existence of a forum created by the company as a partnership between the company and the community has not informed the company of its CSR activities. It is because the forum does not touch all citizens and the government.

This study also recommends several things, including:

- A. The Partnership and Community Development Program are outstanding. It does not mean that the community is free from pollution or waste pollution. It is hoped that the company will increase its concern, especially those in the factory area, and minimize the dust's impact.
- B. In the partnership program, the company should carry out extra supervision of its fostered partners so that the funds provided by the company remain targeted and are not misused so that there is no favouritism with the company that receives assistance.
- C. The village forum formed by the company has an essential role in disseminating information on the company's CSR activities because the forum connects the community with the company. The forum is an integral part of the company's CSR activities. Therefore, forum administrators must improve their performance and be more responsible for creating a harmonious relationship so that residents, village governments, and companies work together to improve community welfare.

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