

**THE IMPLEMENTATION OF THE LOCAL REGULATION OF THE
SPECIAL REGION OF YOGYAKARTA NO. 6 OF 2016 ON
IMPLEMENTATION OF CSR**

PUBLICATION MANUSCRIPT



Written by:

Hikma Fajar Mukmin

20130610475

**FACULTY OF LAW
BUSINESS LAW
UNIVERSITAS MUHAMMADIYAH YOGYAKARTA
2020**

APPROVAL PAGE
THE IMPLEMENTATION OF THE LOCAL REGULATION OF THE
SPECIAL REGION OF YOGYAKARTA NO. 6 OF 2016 ON
IMPLEMENTATION OF CSR
PUBLICATION MANUSCRIPT

Written by:

Hikma Fajar Mukmin

NIM. 20150610344

This Publication Manuscript has been approved by the Advisor
On Saturday, January 4th, 2020

UNIVERSITAS
MUHAMMADIYAH
YOGYAKARTA

Advisor

Unggul & Islami

Dr. Mukti Fajar ND, S.H., M.Hum

NIK. 19680929199407 153 019

Endorsed by,
Dean of Faculty of Law
Universitas Muhammadiyah Yogyakarta

Dr. Trisno Raharjo, S.H., M.Hum.

NIK. 19710409199702 153 0

**PUBLICATION AGREEMENT ON FINAL THESIS FOR ACADEMIC
INTEREST**

As a civitas academic at Universitas Muhammadiyah Yogyakarta, I am the undersigned:

Name : Hikma Fajar Mukmin
 Student Number : 20130610475
 Faculty : Law
 Field of Study : Business Law
 Major : International Program for Law and Sharia
 Genre : Publication Manuscript

For development of science, I agreed to give to Universitas Muhammadiyah Yogyakarta **Non-Exclusive Royalti-Free Right** for my scientific work/thesis entitled: **THE IMPLEMENTATION OF THE LOCAL REGULATION OF THE SPECIAL REGION OF YOGYAKARTA NO. 6 OF 2016 ON IMPLEMENTATION OF CSR** With this **Non-Exclusive Royalti-Free Right** Universitas Muhammadiyah Yogyakarta has the right to keep, format, manage in of database, maintain, and publish my undergraduate thesis, as long as my name will be published as the author/creator and as the copyright owner.

Location : Yogyakarta

Date of Signature : January 4th, 2020

Hikma Fajar Mukmin
20130610475

**THE IMPLEMENTATION OF THE LOCAL REGULATION OF THE
SPECIAL REGION OF YOGYAKARTA NO. 6 OF 2016 ON
IMPLEMENTATION OF CSR**

Hikma Fajar Mukmin and Mukti Fajar

Faculty of Law

Universitas Muhammadiyah Yogyakarta

Jalan Brawijaya, Tamantirto, Kasihan, Bantul, Yogyakarta 55183

hikma.fajar.2013@law.umy.ac.id, muktifajar.umy@yahoo.co.id

ABSTRACT

The Local Regulation regarding the implementation of CSR has been outlined in the Local Regulation of the Special Region of Yogyakarta (DIY), the regulation Number 6 of 2016 on the Implementation of CSR, but in the implementation, there are still many problems. Due to the existing problems, the researcher aims to investigate the implementation of CSR by companies based on the Local Regulation Number 06 of 2016. This research uses empirical legal research. Types and sources of data used are secondary data. The data sourced from legislation, books, literature, documents, and archives relating to the problems studied. Data collection methods used are interviews and literary studies. Data analysis techniques using qualitative methods. The results showed that there is still a lack of socialization from the Local Government to companies with legal entities in DIY, so the CSR programs are still on their initiative and are still guided by the central government regulations. The CSR programs of the company in DIY are still not synchronous with the DIY regional development program. The implementation of CSR programs in each company is not yet fully under the scope stipulated in the Local Regulation Number 6 of 2016.

Keywords: CSR, Corporate Environment and Regional Regulations

I. Preliminary

As it is known that the pillars of economic development in a country consist of three elements, namely the government, society and companies. Companies that have the role as mentioned above also have the responsibility to realize social welfare and improve the quality of life of people in a country. One of them is by implementing Corporate Social Responsibility (here in after referred to as CSR) in a company. Conceptually, corporate social responsibility or commonly called CSR is an approach where companies integrate social care in business operations and their interactions with stakeholders based on the principle of volunteerism and partnership. But empirically this CSR has been implemented by companies in the form of activities based on voluntary.¹ CSR is also a flow towards organizations, especially companies that have responsibilities to interested parties such as consumers, shareholders, communities, employees, and the environment. where it is, connected with various aspects of the company's operations aimed at the welfare of economic, social, and environmental aspects. In other words CSR is the role of the company's contribution to the goal of sustainable development.²

The scope of supervision and implementation of CSR control is held by the government as the role has been determined by the Act, but in practice, the government

¹ Matias Siagian, Agus Suriadi, 2010, *Tanggung Jawab Sosial Perusahaan CSR Perspektif Pekerjaan Sosial*, Medan: FISIP USU PRESS p. 65

² Suparman, 2013, *Coorporate Social Responsibility: Bentuk Tanggung Jawab Sosial dan Kepedulian Perusahaan dengan Masyarakat*, *Jurnal Interaksi*, Vol. II, No.2, p. 70

refused to comply with the obligations.³ In the Government Regulation Article 6 No. 47 of 2012 on the Social and Environmental Responsibilities of Limited Liability Companies (TJSLPT) can be found that: "the implementation of social and environmental responsibilities is contained in the annual report of the Company and is accountable to the Annual General Meeting (RUPS)". But the monitoring system regarding CSR is good and running smoothly. There are still several problems regarding waste pollution, forest fires, and over-exploitation which have a fatal impact on the environment.⁴

Of the various regulations that discuss the report on the implementation of CSR only found in the Article 6 of the Government Regulation Number 47 of 2012 on Social and Environmental Responsibilities of Limited Liability Companies (TJSLPT), from the annual report can prove whether or not a CSR program is implemented in this case the annual CSR report is not only required in administrative form but the government must oblige in clear, intact, and detailed form.⁵ It can be explained that the implementation report on CSR is currently still weak as explained before; therefore there are still many gaps that must be filled, to cover up the shortcomings of the issue of CSR supervision itself.

One example of the provisions on CSR funding has been regulated in the Article 74 paragraph (2) of Law Number 40 of 2007 on Limited Liability Companies, as follows:

“Social and Environmental Responsibility is a corporate obligation that is budgeted and calculated as a Company expense whose implementation is carried out with due regard to propriety and fairness.”

³ Firdaus, 2014, “Normativitas Corporate Social Responsibility Antara Idealitas dan Realitas”, *Jurnal Ilmu Hukum*, Vol. 4 No. 1, p. 191

⁴ Puspita Ayu Lestari, 2016 "Pengaruh Good Corporate Governance Terhadap Luas Pengungkapan Corporate Social Responsibility", *Skripsi Sarjana Ekonomi pada Jurusan Akutansi Fakultas Ekonomi dan Bisnis Universitas Lampung*, p. 1

⁵ Pujiyono, Jamal Wiwoho, Triyanto, 2016 , “Model Pertanggungjawaban Hukum Pelaksanaan Corporate Sosial Responsibility (CSR) Untuk Meningkatkan Kesejahteraan Masyarakat” *Jurnal Yustisia*, Vol. 5 No. 1, p. 46

The above clause does not explicitly mention a certain nominal regarding the presentation of costs that must be budgeted or calculated by the company so that, there is no clear reference to the preparation of funds by the company to carry out CSR.⁶ Therefore there are still many gaps that need to be filled, to cover the deficiencies of the CSR oversight problem itself.

The local regulation for the implementation of CSR fund distribution itself has been stated in the regulations of the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016 on the Implementation of Corporate Social and Environmental Responsibility.

Where the contents of the regulation are as follows:

- 1) Providing legal certainty in the distribution of CSR funds in the Special Region of Yogyakarta Province.
- 2) Providing a legal basis in establishing joint bodies or institutions which will later manage and CSR in the jurisdiction of the Province of the Special Region of Yogyakarta Province.
- 3) Providing clear direction to any company that can and must channel CSR funds because it is our shared responsibility.
- 4) Providing a legal basis for sanctions against companies that do not want to participate in running CSR programs in the territory of the Special Region of Yogyakarta Province.
- 5) This regulation also contains an obligation for all companies to set aside a portion of their profits to contribute directly to the welfare of the community.

⁶ Mukti Fajar, ND., 2010, *Tanggung Jawab Sosial Perusahaan di Indonesia*, Yogyakarta: Pustaka Pelajar, p. 303

In principle, CSR is a form of social responsibility as a manifestation of Good Corporate Governance. However, the facts in the field show a different reality as explained by Fajar in his research which explains that CSR policies by local governments, especially in Yogyakarta and Central Java in general, are still very weak, which for the Special Region of Yogyakarta in the form of the Local Regulations while Central Java uses the Governor's Decree. Recognizing the existence of weaknesses in CSR policy, the two regions proposed to make stronger the legal rules with the Local Regulations. For Central Java, the proposed draft of the Local regulation has arrived at the DPRD Special Committee. While for the Special Region of Yogyakarta it is still under study in related institutions.⁷

The author will examine the implementation of CSR in the Special Region of Yogyakarta Province, by using two-sample companies, namely Bank of BPD DIY Syariah and PT Mowilex Cat.

II. Problem Formulation

How CSR implementation by companies based on the Local regulation of the Special Region of Yogyakarta Number 6 of 2016 on Management of Corporate Social and Environmental Responsibility?

III. Research Method

A. Type of Research

This research uses empirical legal research. Empirical Law Research is a legal research method that uses empirical facts derived from human behavior, both verbal behaviors obtained from interviews and real behavior carried out through direct observation. Empirical research is also used to observe the results

⁷ Fajar, Suryono, dan Muallidin, 2015, *Model Kebijakan Pemerintah Daerah dalam Pengelolaan Program Tanggung Jawab Sosial Perusahaan Berbasis Regulasi Daerah*, Yogyakarta: Universitas Muhammadiyah Yogyakarta, p. 7.

of human behavior in the form of physical and archival heritage.⁸ Empirical legal research is legal research that uses a field research approach by looking at and observing what is happening in the field, the application of these regulations in practice in society.

B. Type of Data

1. Primary Data

Primary data, insofar as what is to be investigated is behavior (law) of the community, the community members must be examined directly so that the primary data is used. it can also be said that primary data is data obtained directly from the public.⁹ This data can be obtained using direct interviews with respondents.

2. Secondary Data

a. Primary Legal Material

Primary legal material is a legal material that has binding powers relating to the object of research, consisting of applicable laws and regulations or applicable provisions.

b. Secondary Legal Material

Secondary legal material, which explains primary legal materials, in the form of papers, scientific writings, internet sites, and books that have to do with the problems under study.

⁸ Mukti Fajar dan Yulianto Achmad, 2010, *Dualism Penelitian Hukum Empiris & Normatif*, Yogyakarta: Pustaka Pelajar, P.280

⁹ Soerjono Soekanto, 2005, *Pengantar Penelitian Hukum*, Jakarta; Penerbit Universitas Indonesia, p. 32

C. Method of Collecting Data

1. Interview

Direct interview by asking questions to the parties concerned about the object under study. In this case, the researcher will conduct an oral interview with Beni Dektus Tunggal, as a Employee, and Krisma Adhi, as a Branch Manager of PT. Mowelix Cat Branch of Yogyakarta. located on Magelang street km.7 Yogyakarta, and Ike Retno, as a Marketing Officer of Bank BPD Syariah DIY Cik Ditiro.

2. Literature Study

A literature study is a Reseach which used to collect secondary data by reading and studying materials related to the problems that already exist.

D. Method of Data Analysis

The method of analysis that used in this research is qualitative analysis, namely the method of analysis carried out by arranging data that has been systematically collected so that an overview of the problems to be studied is obtained. The thinking method used in concluding is inductive thinking methods. Inductive thinking starts from observations, in this case, to find out the application of local government regulations Number 6 of 2016 on the Implementation of Corporate Social and Environmental Responsibility.

IV. Results and Discussion

A. Corporate Social Responsibility (CSR) Implementation of PT. Mowilex PT.

PT. Mowilex strongly supports various social and environmental responsibility programs to improve the living conditions in the lives and workplace of the employees. Various CSR programs that have been done by PT. Mowilex such as:

1. Re-painting the YAKKUM Rehabilitation Center Building

PT Mowilex Indonesia once again held a social responsibility program to the community or Corporate Social Responsibility (CSR) this year. After revitalizing the Child-Friendly Integrated Public Space or in hereafter *Ruang Publik Terintegrasi Ramah Anak (RPTRA)* a few months ago, Mowilex was encouraged to support equality and diversity of the disabled by revitalizing disability institutions. The painting is done directly by the employees of PT. Mowilex Yogyakarta branch.

PT. Mowelix Cat also participated by giving contributions in the form of energy by their employees, by painting to involve 17 employees of Yogyakarta Branch.¹⁰ PT Mowilex Yogyakarta branch continues to support equality and diversity in society especially towards people with disabilities.

2. Education

PT Mowilex Yogyakarta branch provides education and skills training to students at the YAKKUM Rehabilitation Center which is tailored to the needs of students. PT Mowilex Yogyakarta branch contributed to educational materials especially in the environment around the factory through the

¹⁰ Based on Interview, Krisma Adhi as a Branch Manager of PT Mowilex Regional of Yogyakarta, Monday, on November 11st, 2019, at PT. Mowelix Cat Branch of Yogyakarta, located on Magelang street km.7

Community Learning Center. Besides, PT. Mowilex Yogyakarta branch also provides scholarships to the community and other educational programs aimed at creating quality future leaders and directing all resources to educate students who come from underprivileged families but have the potential to become future leaders.

3. Environmental Conservation

Paint materials that contain carbon when used will pollute the air. Air pollution is one or more physical, chemical, or biological substances in the atmosphere in quantities that can endanger human, animal and plant health, interfere with aesthetics and comfort, or damage property. Or in other words, it can be interpreted as damage to the air because it is caused by various sources that can damage the health of living beings and inanimate objects.

The effects of air pollution can also be felt at this time, the number of diseases that originate from the air, and increase the number of people with respiratory infections and also the increasing number of people who prematurely become negative effects of air pollution.

Seeing the negative impact caused by air pollution due to the smell of paint, then PT. Mowilex Yogyakarta branch cares about the environment by conducting a CRS program in the form of environmental conservation by neutralizing carbon from air wastes. PT Mowilex Yogyakarta branch has its own tool that can neutralize carbon, so it does not pollute the air.

4. Carbon Neutral Campaign

PT. Mowilex Yogyakarta branch, besides conducting environmental conservation in the form of neutralizing the impact of carbon and chemicals, also carried out a CRS program in the form of a Carbon Neutral campaign. This activity is carried out by providing information to the public that the products produced by PT Mowilex, the carbon content can be neutralized with tools owned by PT. Mowilex. PT. Mowilex Yogyakarta branch continues to conduct socialization and campaign on the community both the negative impacts and their handling.

5. Construction of the Meeting Hall

PT Mowilex Yogyakarta branch in the field of the community has a CRS program in the form of meeting building construction. The meeting hall was built for the activities of the surrounding community with the village treasury land. With the meeting building that was built by PT. Mowilex Yogyakarta branch, socialization was easily carried out and the marketing activities of PT. Mowilex Yogyakarta branch were also easy to do. The function of the meetinghouse can bring the company closer to the community.

Analysis based on provisions, the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016. From the CSR implementation of PT Mowilex Yogyakarta branch. The Article 1 Paragraph (1) "Corporate Social and Environmental Responsibility referred to as TSLP is the responsibility inherent in each company to keep creating harmonious, balanced, and appropriate relationships with the environment, values, norms, culture of the

community, to participate in the implementation sustainable economic development to improve the quality of life and the environment that is beneficial, for the company itself, the local community and society in general".

PT. Mowilex of Yogyakarta branch has conducted CSR based on the article 1 paragraph (1) of the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016, by conducting social activities except for people with disabilities or children with disabilities by re-painting the Yogyakarta YAKKUM Rehabilitation Center. PT Mowilex of the Yogyakarta branch also carries out the environmental conservation, education, and construction of building that benefit the surrounding environment.

In the Article 1 Paragraph (2), "Implementation of Corporate Social and Environmental Responsibility is the process of carrying out Corporate Social and Environmental Responsibility in synergy with the Local development programs".

Based on the Article 1 paragraph (2), the implementation of CSR in PT. Mowilex Yogyakarta Branch has not fully synergized with the Local development programs, because of the implementation of CSR of PT. Mowilex Yogyakarta Branch was not based on the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016, but company awareness. The results of the interview from Mr. Beni Dektus Tuggal, one of the employees of PT. Mowilex Yogyakarta Branch stated "we have not known the existence of local regulations so far, the company has not received information from t the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016, possibly

because our company is only a branch, but from the company, it has carried out CSR on the initiative of the company according to the vision and the headquarters mission.¹¹

Based on the results of the interview it can be concluded that there is still a lack of socialization from the local government regarding the Local Regulation of the Special Region of Yogyakarta No. 6 of 2016, so there are still companies that do not know about the regulation. There is still a need for detailed data collection from the Local Government regarding companies with Legal Entity to be included in the TSLP forum. According to the Article 1 Paragraph (3), "Corporate Social and Environmental Responsibility Forum, hereinafter referred to as TSLP Forum, is a corporate communication forum in the context of carrying out corporate social and environmental responsibility established by the Government of the Special Region of Yogyakarta as a forum for coordination, communication, and synchronization of the TSLP implementation".

PT. Mowilex Yogyakarta Branch as the legal entity has not been included in the TSLP forum under the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016, the Article 1 Paragraph (3) above. PT. Mowilex Yogyakarta Branch does not yet include the TSLP forum, which was caused by ignorance of the company in the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016. So the CSR program carried out was

¹¹ Based on Interview, Beni Dektus Tunggal as an Employee of PT Mowilex Regional of Yogyakarta, Monday, on November 11st, 2019, at PT. Mowelix Cat Branch of Yogyakarta, located on Magelang street km.7

still not synchronous with the local government program. Based on the Article 1 Paragraph (4), the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016, "Companies are individuals or entities that run businesses which include limited liability companies, limited partnership companies, and other companies, the State-Owned Enterprises (BUMN), or the Regional-Owned Enterprises (BUMD) by name and in any form, firm, partnership, and *koperasi*".

PT. Mowilex Yogyakarta Branch included in the criteria in the Article the 1 Paragraph (4), it is mandatory to carry out CSR based on the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016. This is the biggest concern of the company's role in society, namely to increase the sensitivity and concern for the environment and problem ethics. Problems such as environmental destruction, improper treatment of employees, and production defects that cause inconvenience or danger to consumers are the headlines of the newspaper. Some investors and investment management companies have begun to pay attention to CSR policies from setting out letters to companies making their investment decisions, a practice known as "socially responsible investing."¹²

CSR is not just a charity activity, where CSR requires a company in its decision making so that it seriously takes into account the impact on all stakeholders of the company, including the environment. This requires the company to strike a balance between the interests of various external

¹²Erni R. Ernawan, 2011, *Business Ethics-Etika Bisnis Edisi Revisi* Bandung: Alfabeta, p. 160.

stakeholders and the interests of shareholders, who are one of the internal stakeholders.

To facilitate relations between the Government and companies is regulated in the reflexive law theory. This theory is used to overcome the deadlock over a formal approach to corporate obligations in the legal system. The formal law in question is a form of state intervention in regulating private matters through legislation, such as the Manpower Act, the Environmental Act, the Consumer Protection Act and so on. Rematerialization is a tendency in the field of law from formal rationality to substantive rationality or separation from the legal formality as a logical consequence of understanding the welfare state and the regulatory state.¹³

Based on Reflexive Law Theory related to CSR, the meaning of social responsibility is oriented process that has related to the concept of corporate social responsibility. Social response refers to "the capacity of a corporation to respond to social pressures". So based on this theory the implementation of CSR PT. Mowilex Yogyakarta Branch based on the Local Regulation of the Special Region of Yogyakarta No. 6 of 2016, but based on company initiatives. This is because the company responds to social pressures, due to the carbon impact of the products produced, it is necessary to carry out CSR programs, which are oriented to the relationship process with the concept of corporate social responsibility. When viewed from its implementation, CSR tends to be carried out under the concept of self-regulation. Even though the Reflexive Law Theory gives freedom to corporations in carrying out CSR programs,

¹³ Mukti Fajar, ND, 2013, *Tanggung Jawab Sosial Perusahaan di Indonesia, Op. Cit*, p. 29

there must still be transparency in the company's financial statements. Under the Reflexive Law Theory, the report is also submitted to the general public in the form of social reporting so that the public can make a more objective assessment of corporate CSR performance.¹⁴

Based on Reflexive Law Theory, the implementation of CSR is left to the company, but the implementation must be transparent in the financial report. PT. Mowielex Yogyakarta Branch in implementing CSR programs is still limited to environmental programs around the company but has done transparency by providing accountability for financial reports on these activities. The Reflexive law is a procedural law and can be considered as self-regulation. The Reflexive law seeks to influence the decision making process and communication with required procedures. However, the final decision remains in the private sector. The aim is to encourage processes of self-reflection independence in companies regarding the impact of their actions on society.¹⁵

B. The Implementation of CSR programs of Bank BPD Syariah Cik Ditiro Yogyakarta

Bank BPD Syariah of Yogyakarta as the legal entity has CSR obligations. The CSR programs carried out by Bank BPD Syariah DIY such as:

¹⁴Mukti Fajar ND, dan Reni Budi Setyaningrum, 2017, Pelaporan Program Kemitraan Dan Bina Lingkungan Serta Corporate Social Responsibility Badan Usaha Milik Negara, *Jurnal Media Hukum*, Vol. 24, No. 2, p. 199

¹⁵ *Ibid*, p. 212

1. Responsibility to the Society

To realize sustainable business growth and participate in improving the living standard of the people, PT Bank BPD Syariah of Yogyakarta is committed to carrying out CSR programs on social issues every year. The entire implementation of the CSR program activities has involved the community through a bottom-up and participatory mechanism. The responsibilities of Bank BPD Syariah of DIY in CSR programs towards the community are manifested in the form:

a. Education

CSR programs in the form of the tuition fee of students are provided to underprivileged children. Bank BPD Syariah of DIY in collaboration with customers has provided scholarships to children who have academic achievements with low economic capability.

b. Health

Bank BPD Syariah Yogyakarta once every month provides a health program in the form of a free medical check which is held at the office of Bank BPD Syariah of Yogyakarta.

c. Social Economy

Bank BPD Syariah Yogyakarta in its responsibility towards socio-economic, has done partnerships with UKM as the customers of Bank BPD Syariah of Yogyakarta to be given assistance and business assistance.

d. UKM Center

Bank BPD Syariah Yogyakarta also cooperates with UKM on campuses that have been collaborating partnerships with Bank BPD Syariah of Yogyakarta. Bank BPD Syariah Yogyakarta provides capital assistance to UKM.

2. Responsibilities to the employees and K3

Bank BPD Syariah of Yogyakarta also continues to improve employee welfare and create safety and healthy environmental work to improve the performance motivation, loyalty to the safety and health of employees. Consistently, Bank BPD Syariah of Yogyakarta seeks to produce strong, competent, professional and high-integrity human resources through a comprehensive competency-based of human resources management system policy, which refers to the Integrated Management System.

Besides, to provide high motivation and motivation to improve employee performance and loyalty, Bank BPD Syariah of Yogyakarta has a policy of equitable remuneration and career development under the quality and competence of employees without any element of ethnic, religious, racial discrimination, and gender. Bank BPD Syariah of Yogyakarta also continues to maintain harmonious and dynamic industrial relations between management and employees.

3. Responsibility of products and customers

Based on Bank BPD Syariah of Yogyakarta, customers have important meaning for the Company, which functions as a supporter of the Company's business sustainability in the future. Therefore, PT Bank BPD Yogyakarta is

committed to carrying out its responsibilities to its customers by always providing the best products and services, to provide customer satisfaction and maintain customer trust and loyalty towards the company.

As a form of corporate responsibility to customers, Bank BPD Syariah of Yogyakarta has policies relating to the management of customer complaints, and Consumer Protection. Service, and Settlement of Consumer Complaints and Dispute Resolution.

4. Environmental responsibility

PT Bank BPD Syariah Yogyakarta has realized environmental sustainability with an indirect impact on the sustainability of the Company's business. Therefore, Bank BPD Syariah of Yogyakarta always strives to actively participate in carrying out various environmental preservation programs. The policy implementation of this commitment is manifested in the form of various environmental preservation activities carried out on an ongoing basis as an effort of the Company's initiative to minimize the negative impact of operations on the environment. With the CSR targets that realize improving social functions, the achievement of strategic objectives has been achieved and has provided benefits.

Analysis based on provisions, the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016 on the Implementation of Corporate Social and Environmental Responsibility of the implementation of corporate social responsibility / CSR Bank BPD Syariah DIY. The Article 1 Paragraph (1) "Corporate Social and Environmental Responsibility referred to as TSLP is the responsibility inherent in each company to keep creating harmonious, balanced,

and appropriate relationships with the environment, values, norms, culture of the community, to participate in the implementation of sustainable economic development to improve the quality of life and the environment that is beneficial, for the company itself, the local community, and society in general”.

Bank BPD Syariah of Yogyakarta has carried out CSR based on the Article 1 Paragraph (1) of the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016, by carrying out activities for the Responsibility to the Community (Social and Development), Responsibilities for Employees and K3, Responsibilities for Products and Customers and Environmental Responsibility.

In the Article 1 Paragraph (2), "Implementation of Corporate Social and Environmental Responsibility is the process of carrying out Corporate Social and Environmental Responsibility in synergy with the Local development programs”. Based on the Article 1 Paragraph (2), the implementation of CSR in Bank BPD Syariah of Yogyakarta has not been fully synergized with regional development programs, this is because the CSR implementation of Bank BPD Syariah of Yogyakarta is not based on Local Regulation of Yogyakarta Number 6 of 2016, but the Government regulation Number 47 of 2012 concerning Social and Environmental Responsibility.

the interview Results from Ms. Ike Retno, as Marketing Officer of Bank BPD Syariah of Yogyakarta, stated "if the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016 governing CSR we do not know yet, but we

carry out CSR programs according to the head office based on the Government Regulation Number 47 of 2012 on Social and Environmental Responsibility.¹⁶

Based on interview results it can be concluded that in the implementation of CSR programs, the Local Government is still lacking in socializing, the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016, to companies in the Yogyakarta region. The need for local governments to re-record existing companies, so that synergy with CSR activities, and also in line with the development of the Yogyakarta region.

According to the Article 1 Paragraph (3), "Corporate Social and Environmental Responsibility Forum, hereinafter referred to as TSLP Forum, is a corporate communication forum in the context of carrying out corporate social and environmental responsibility established by the Government of the Special Region of Yogyakarta as a forum for coordination, communication, and synchronization of the TSLP organization".

Bank BPD Syariah Yogyakarta as the legal entity has not been included in the TSLP forum. Based on the Local Regulation of the Special Region of Yogyakarta No. 6 of 2016 with Article 1 Paragraph (3) above. The absence of Bank BPD Syariah of Yogyakarta in the TSLP forum, cause due to the ignorance from the part of Bank BPD Syariah Yogyakarta in the Local Regulation of the Special Region of Yogyakarta No. 6 of 2016. So that the CSR program carried out is still not synchronous with local government programs. According to the article Article 1 Paragraph (4), the Local Regulation of the Special Region of Yogyakarta

¹⁶ Based on Interview Ike Retno, as a Marketing Officer of Bank BPD Syariah Yogyakarta, Friday, on November 15th, 2019, at Bank BPD Syariah DIY Cik Ditiro

Number 6 of 2016, "Companies are individuals or entities that run businesses which include limited liability companies, limited partnership companies, and other companies, State-Owned Enterprises (BUMN), or Regional-Owned Enterprises (BUMD) by name and in any form, firm, partnership, and *koperasi*". Bank BPD Syariah of Yogyakarta which is included on the Article 1 Paragraph (4), is required to carry out CSR under the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016.

Implementation of the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016, it states "The scope of TSLP includes funding assistance for organizing social welfare programs, poverty alleviation, compensation for recovery and/or improvement of environmental functions and funding assistance for community-based quality improvement economic growth programs that are in harmony with the Local Government programs".

Based on the scope, Bank BPD Syariah of Yogyakarta can apply for these programs but still has not coordinated with the authorities' party so that the targets and synchronization are still lacking. Bank BPD Syariah of Yogyakarta in conducting CSR programs according to the Reflexive Law Theory. This the Legal Theory focuses on social processes in a "regulated autonomy" way: allowing private actors, such as corporations, to freely regulate themselves. On the other hand, the Reflexive Law intervenes in social processes by making reference procedures for corporate behavior.¹⁷

The regulation purpose based on Reflexive Law Theory is not to get companies to comply, but to encourage proactive and responsive management of

¹⁷ Mukti Fajar, ND, 2013, *Tanggung Jawab Sosial Perusahaan di Indonesia, Op. Cit.*, p.50

social problems. Social reports must be an obligation for all companies with a certain proportion. Good, for public and private companies to have a significant impact on stakeholders. However, the costs for CSR and making social reports may be too large for small companies. Legislator needs to consider the burden of costs on smaller companies, and they also need to consider the impact of the company on society. Social reports must be an annual requirement for all companies that meet the standard requirements.¹⁸

The social responsibility report or often referred to as Corporate Social Reporting is the process of communicating the social and environmental effects of the company's economic actions on certain groups in society and on society. So that the form of social responsibility that has been carried out by the company can be known by various interested parties, then it is disclosed in the company's annual report. Providing extensive information in the financial statements is a necessity due to the requests of various interested parties in the information.¹⁹

Based on the explanation of the theory above, the implementation of CSR in Bank BPD Syariah of Yogyakarta, the reference of implementation is the Government Regulation Number 47 of 2012 on Social and Environmental Responsibility. Social reports provide standards on how well an organization revives existing values created together with stakeholders, in which the organization is also committed to applying for the organization itself. Social reports share a process of dialogue in which values are integrated into the organization. The social report also provides a broad overview of the

¹⁸ Mukti Fajar, ND, 2013, *Tanggung Jawab Sosial Perusahaan di Indonesia*, *Op. Cit*, p. 122

¹⁹ Mukti Fajar ND, dan Reni Budi Setyaningrum, 2017, *Op. Cit*, p. 199

organization's relationships with stakeholders and thus has the opportunity to develop and survive in the long term.²⁰

Coordination between companies and the government in implementing CSR needs to be done so that the CSR program can be in line with the expectations of the Local government. But in reality, this is still considered to be lacking due to the lack of socialization of the Local Regulations to companies that have CSR obligations. Government intervention on companies has not yet been carried out maximally. Government intervention in economic activities need not be too strict. Let business interactions be left to the market law, as Adam Smith said that market performance will regulate every economic transaction to find a balance (market equilibrium) that has carried out by the invisible hand.²¹

In the Special Region of Yogyakarta, CSR will focus on social, environment, health, education, *koperasi*, and micro businesses, and infrastructure. a similar scope was given by the city and district which required companies to participate in partnerships with micro and cooperative businesses, direct assistance to the community, and capacity building. This also encourages companies to conduct various training to increase the capacity of the community in entrepreneurship. Besides, the Local Regulations, generally stipulate that companies can provide direct assistance to the community in the form of

²⁰Mukti Fajar ND, 2015, "The Administration of Corporate Social Responsibility in the District Regulation in Indonesia", *Op. Cit* , p. 211

²¹ Fadia Fitriyanti dan Mukti Fajar N.D, 2008, *Op. Cit*, p. 215

scholarship grants, subsidies, social assistance, social services, and social protection.²²

V. Conclusion and Recommendations

A. Conclusion

First, CSR programs implementation of PT. Mowilex Yogyakarta Branch has not fully referred to the Local Regulation of the Special Region of Yogyakarta Number 06 of 2016 on Corporate Social and Environmental Responsibility Management in the Yogyakarta City, but based on its initiative and still guided by central government regulations. This is due to the lack of socialization from the party of the Local Government to companies that have the Legal Entity in the Special Region of Yogyakarta.

Second, The implementation of the CSR program of Bank BPD Syariah DIY has not fully referred to the Local Regulation of the Special Region of Yogyakarta Number 06 of 2016 on the Implementation of Corporate Social and Environmental Responsibility in the City of Yogyakarta but based on the Government Regulation Number 47 of 2012 on Social and Environmental Responsibility, so that the implementation is less synchronized with the Local Regulation of the Special Region of Yogyakarta Number 06 of 2016. This is due to the lack of socialization from the Local Government to companies which have Legal Entity in the Special Region of Yogyakarta.

²² Mukti Fajar ND, 2019. "The Problems Of Corporate Social Responsibility Regulation In Indonesian Local Regulations", *Op. Cit*, p. 2.

B. Recommendations

1. The local government of Special Region of Yogyakarta need to continuously provide socialization of the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016, by re-registering companies with has a legal entity in the Special Region of Yogyakarta for being able to enter the TSLP Forum.
2. The existence of supervision from the Local Government must exist, so the CSR program of the company's is in accordance or line with the development programs of the Local Government of the Special Region of Yogyakarta.
3. For the community, it is advisable to participate in a company that has carried out its social responsibilities. The society can provide criticism to companies regarding the inconsistency in the implementation of social responsibility with the Local Regulation of the Special Region of Yogyakarta Number 6 of 2016.

BIBLIOGRAPHY

Journals

- Andrew Shandy Utama, 2018 “Implementasi Corporate Social Responsibility PT Riau Andalan PULP and Paper terhadap masyarakat di Kabupaten Pelalawan”, *Jurnal Selat: Fakultas Hukum Universitas Lancang Kuning*, Vol. 5, No. 2
- Fadia Fitriyanti dan Mukti Fajar N.D, 2008, “Pengawasan Pemerintah Terhadap Kewajiban Corporate Social Responsibility Di Daerah Istimewa Yogyakarta (Studi Pada PT. Telkom dan PT. Sari Husada)”, *Jurnal Media Hukum*, Vol. 15, No. 2
- Firdaus, 2014 “Normativitas Corporate Social Responsibility Antara Idealitas dan Realitas”, *Jurnal Ilmu Hukum*, Vol. 4 No. 1, p. 191
- Mukti Fajar ND, dan Reni Budi Setyaningrum, 2017, “Pelaporan Program Kemitraan Dan Bina Lingkungan Serta *Corporate Social Responsibility* Badan Usaha Milik Negara”, *Jurnal Media Hukum*, Vol. 24, No. 2
- Mukti Fajar ND, 2015, “The Administration of Corporate Social Responsibility in the District Regulation in Indonesia”, *European Journal of Social Sciences Education and Research*, Vol. 2, Issue 4
- Mukti Fajar ND, 2019. “The Problems Of Corporate Social Responsibility Regulation In Indonesian Local Regulations” *Wseas Transactions On Environment And Development*, Vol. 15
- Pujiyono, Jamal Wiwoho, Triyanto, 2016 , “Model Pertanggungjawaban Hukum Pelaksanaan Corporate Sosial Responsibility (CSR) Untuk Meningkatkan Kesejahteraan Masyarakat” *Jurnal Yustisia*, Vol. 5 No. 1

Sefriani, Sri Wartini, 2015, “Corporate Social Responsibility dan Tanggung Jawab Negara Terhadap Hak Ekonomi, Sosial, dan Budaya di Indonesia”, *Jurnal Yustisia* Vol. 4, No. 2

Suparman, 2013, “Coorporate Social Responsibility: Bentuk Tanggung Jawab Sosial dan Kepedulian Perusahaan dengan Masyarakat”, *Jurnal Interaksi*, Vol. II, No.2

T. Romi Marnelly, 2012, “Corporate Social Responsibility (CSR): Tinjauan Teori dan Praktek di Indonesia”, *Jurnal Aplikasi Bisnis*, Vol. 2 No. 2

Yayan Sopyan, 2014 “Corporate Social Responsibility (Csr) Sebagai Implementasi Fikih Sosial Untuk Pemberdayaan Masyarakat”, *Jurnal, Ahkam*, Vol. XIV, No. 1

Books

Abul Rasyid, Saliman, 2011, *Hukum Bisnis Untuk Perusahaan*, Jakarta: Kencana

Bagir Manan dalam W. Riawan Tjandra dan Kresno Budi Harsono, 2009, *Legal Drafting Teori dan Teknik Pembuatan Peraturan Daerah*, Yogyakarta: Universitas Atmajaya

Busyra Azheri, 2011, *Corporate Social Responsibility: Dari Voluntary Menjadi Mandatory*, Jakarta: Rajawali Pers

Dr. Mukti Fajar, ND., 2010, *Tanggung Jawab Sosial Perusahaan di Indonesia*, Yogyakarta: Pustaka Pelajar

Dwi Kartini. 2009, *Corporate Social Responsibility: Transformasi Konsep Sustainability Management dan Implementasi di Indonesia*, Bandung: RefikaAditama

Erni R. Ernawan, 2011, *Business Ethics-Etika Bisnis Edisi Revisi* Bandung : Alfabeta

Fajar, Suryono, dan Muallidin, 2015, *Model Kebijakan Pemerintah Daerah dalam Pengelolaan Program Tanggung Jawab Sosial Perusahaan Berbasis Regulasi Daerah*, Yogyakarta: Universitas Muhammadiyah Yogyakarta

Hartono, S. Redjeki, 2000, *Kapita Selekta Hukum Ekonomi*, Jakarta: CV Mandar Maju

K, Bertens, 2000, *Pengantar Etika Bisnis*, Kanisius, Yogyakarta

Matias Siagian, Agus Suriadi, 2010, *Tanggung Jawab Sosial Perusahaan CSR Perspektif Pekerjaan Sosial*, Medan: FISIP USU PRESS

Mukti Fajar, ND, 2013, *Tanggung Jawab Sosial Perusahaan di Indonesia*, Jakarta:Pustaka Pelajar

Mukti Fajar dan Yulianto Achmad, 2010, *Dualisme Penelitian Hukum Empiris & Normatif*, Yogyakarta: Pustaka Pelajar

Soebono Wirjosoegito, 2004, *Proses & Perencanaan Peraturan Perundangan*, Jakarta: Ghalia Indonesia

Soerjono Soekanto, 2005, *Pengantar Penelitian Hukum*, Jakarta , Universitas Indonesia

Yusuf Wibisono. 2007. *Membedah Konsep dan Aplikasi Corporate Social Responsibility*, Gresik: Fasco Publishing

Regulations

The Law No. 40 of 2007 on limited liability companies

The Government Regulation No. 47 of 2012 on the Social and Environmental Responsibilities of Limited Liability Companies

The Local Regulation of Yogyakarta No. 6 of 2016 on Management of Corporate Social and Environmental Responsibilities

The Local Regulation of Central Java No. 2 of 2017 on Corporate Social and Environmental Responsibility

Internet

ISO Center Indonesia, 2015 “ISO 2600 Sebagai Standar Global dalam Pelaksanaan CSR” taken from <https://isoindonesiacenter.com/sekilas-tentang-iso-26000/> accessed on Thursday, February 1st, 2018 at 16:17 pm.

Rosita Candra Kirana, 2009, “Studi Perbandingan Pengaturan Tentang Corporate Social Responsibility Di Beberapa Negara Dalam Upaya Perwujudan Prinsip Good Corporate Govenance”, Tesis, Program Pasca Sarjana Universitas Sebelas Maret Surakarta, taken from <http://www.adisulistiyono.staff.uns.ac.id>, accessed on October 29th 2019, at 16:27 pm

Wbcsd, 2001, “Corporate Social Responsibility: Making Framework for Corporate Social Responsibility”, WBCSD is a global, CEO-led organization of over 200 leading business working together to accelerate the transition to a sustainable world, taken from <http://https://www.wbcsd.org>, accessed on October 29th, 2018 at 13:36 pm.

Undergraduate Thesis

Puspita Ayu Lestari, 2016 “Pengaruh Good Corporate Governance Terhadap Luas Pengungkapan Corporate Sosial Responsibility”, *Skripsi Sarjana Ekonomi pada Jurusan Akutansi Fakultas Ekonomi dan Bisnis Universitas Lampung*

Wilfred Boro Bahy, 2015, “Pengaruh Pengungkapan Corporate Social Responsibility Terhadap Kinerja Keuangan Perusahaan” *Skripsi, Pada Program Studi Manajemen Fakultas Ekonomi Universitas Atma Jaya Yogyakarta*

Interviews

Based on Interview, Beni Dektus Tunggal as a Employee of PT Mowilex Regional of Yogyakarta, Monday, on November 11st, 2019, at PT. Mowelix Cat Branch of Yogyakarta, located on Magelang street km.7

Based on Interview, Krisma Adhi as a Branch Manager of PT Mowilex Regional of Yogyakarta, Monday, on November 11st, 2019, at PT. Mowelix Cat Branch of Yogyakarta, located on Magelang street km.7

Based on Interview Ike Retno, as a Marketing Officer of Bank BPD Syariah Yogyakarta, Friday, on November 15th, 2019, at Bank BPD Syariah DIY Cik Ditiro

Author Identity**First Author**

Name : Hikma Fajar Mukmin
Place, date of birth : Bone-Bone, October 9th, 1994
Religion : Islam
Address : Jl. Pure no 16, Kasihan, Bantul
Email : palukka92@gmail.com
Education Background :
S1 : Universitas Muhammadiyah Yogyakarta
Profession : -
Career History : -

Second Author

Name : Dr. Mukti Fajar ND, S.H., M.Hum
Place, date of birth : Yogyakarta, September 29rd 1982
Religion : Islam
Address : Perumahan PKU Tamantirto, Kasihan,
Bantul, Yogyakarta
Email : muktifajar.ummy@yahoo.co.id
Education Background :
S1 : Faculty of Law University of Gajah Mada
Yogyakarta (1992)

- S2 : Magister of Faculty University of Diponorogo
Semarang (2001)
- S3 : Program Doctor of Law University of
Indonesi Jakarta (2009)
- Profession : Permanent Lecturer at the Faculty of Law,
Muhammadiyah University, Yogyakarta
- Career History : - Non-permanent Lecturer in Economics at the
Universitas Islam Indonesia (2003-2007)
- Partner at JOGJA LAW CENTER (2000-2005)
 - Business Law Consultant and Trainer at EGOV
Training Center Yogyakarta
 - Consultant and Business Law Trainer at the
Management Development Center of the Faculty
of Economics and Business, Universitas Gajah
Mada 2010-Present
 - Business Law Consultant and Trainer at PT.
Sinergy Indonesia Training Center Yogyakarta
 - Member of Sharia Arbitration Board (Basyarnas)
MUI – Yogyakarta
 - Research and Service Grant Reviewer, Directorate
General of Higher Education 2010– Present

- National Accreditation Agency Assessors 2011 -

Present