



ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) OF REGIONAL-OWNED ENTERPRISES (ROEs) IN ISSUING INTELLECTUAL PROPERTY RIGHTS CERTIFICATION (TRADEMARK) FOR MICRO- SMALL-MEDIUM ENTERPRISES (MSMEs)

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Abstract

Corporate social responsibility (CSR) is mandated by companies under Article 74 of Law Number 40 of 2007 concerning Limited Liability Companies (UUPT). CSR aims to establish equilibrium between profit-seeking companies and the community within, fostering mutually supportive cooperation. Acquiring the trademarks around Limited Liability Companies can enhance consumer trust and legal protection for their business brands, albeit incurring costs, which pose hurdles for Micro, Small, and Medium Enterprises (MSMEs). The regulations of CSR, notably by Regional-Owned Enterprises (ROEs) in regions, could aid in raising Limited Liability Companies awareness to support MSMEs, particularly regarding trademark. The objective of research is to analyze the Corporate social responsibility (CSR) of Regional-Owned Enterprises (ROEs) in issuing the Intellectual Property Rights Certification (Trademark) for Micro, Small, and Medium Enterprises (MSMEs). The data were qualitatively analysed, comprising secondary data from literature and regulations, and primary data from interviews, observations, and field studies. Analysis involved relevant laws, theories, and expert opinions to draw conclusions on CSR implementation addressing social issues, especially in assisting the trademark of MSMEs. Legal rules on CSR obligations for companies appear ambiguous, lacking sanctions for violations. Implementation faces challenges relying solely on company awareness and commitment, varying across policies.

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I. INTRODUCTION

The development of infrastructure plays a crucial role in fostering robust economic growth within a region. Furthermore, well-established infrastructure enhances economic accessibility by ensuring the smooth and efficient flow of necessary supplies. This becomes especially pertinent during transitional phases of leadership. Presently, there is an escalating focus on infrastructure, thereby facilitating smoother economic operations. As a legal principle, regional development in Indonesia inherently relies on fundamental regulations that provide both legal frameworks guiding development and developmental directives. The significance of developmental aspects in a region is

undeniable. Hence, regional governments exert considerable effort in responding to developmental needs. Budgetary constraints often necessitate cost-saving measures to facilitate project execution.

In the global context, the concept of Corporate Social Responsibility (CSR) has been prevalent since the 1970s, gaining significant momentum after the release of John Elkington's influential book, "Cannibals with Forks: The Triple Bottom Line in 21st Century Business" (1998). Elkington introduced the notion of the triple bottom line, which integrates economic prosperity, environmental stewardship, and social justice, as advocated by the World Commission on Environment and Development (WCED) in the Brundtland Report (1987). Elkington distilled CSR into the 3Ps: Profit, Planet, and People. A reputable institution not only prioritizes economic gains but also demonstrates a steadfast commitment to environmental sustainability and societal welfare.

Various terms associated with corporate responsibility exist, including social-environmental responsibility, corporate social responsibility (CSR), corporate citizenship, corporate responsibility, or corporate citizenship. These terms share similar meanings and are often used interchangeably with CSR. Despite CSR's initial lack of popularity, regulations governing it are stringent in Indonesia, evident in Laws No. 40/2007 regarding Limited Liability Companies, No. 25/2007 regarding Investment, and Ministerial Regulation No. Per-5/MBU/2007 concerning State-Owned Enterprises' Partner Programs with Small Businesses and Environmental Development. Social responsibility for institutions is also reiterated in Law No. 40/2007 regarding Limited Liability Companies.

Developmental efforts aim to enhance the well-being of individuals and society at large (Mardikanto, 2014). Collaborating with companies within and across regions through Corporate Social Responsibility (CSR) programs is one way to achieve regional development. Our understanding of CSR has evolved rapidly over the years. In Indonesia, CSR concepts are now regulated by law, particularly elucidated in Law No. 40/2007 regarding Limited Liability Companies (UUPT). Initially, CSR merely denoted corporate concern for surrounding communities. However, as development progressed, CSR evolved beyond mere concern to become a corporate structure that must be implemented. In several developed countries, CSR significantly contributes to regional development, proving advantageous for companies and beneficial for the regions they operate in. Consequently, a substantial portion of infrastructure in several developed countries results from CSR initiatives aimed at benefiting both the company and the region.

To implement these initiatives, the government of Indonesia has introduced additional regulations, including Government Regulation No. 47 of 2012 regarding Corporate Social and Environmental Responsibility (CSR) for Limited Liability Companies. The promulgation of laws and their regulatory frameworks prompts inquiries into the methodologies for quantifying the allocations companies are obligated to make towards CSR. Clearly delineating the contributions companies are expected to undertake for fulfilling CSR obligations is essential in framing discussions around companies as developmental collaborators.

II. RESEARCH METHODOLOGY

The method of this research is a normative legal research method. According to a book written by Bahder Johar Nasution entitled “Legal Research Method” states that normative legal research encompasses legal principles, legal synchronization, legal systems, comparison, and legal history in its investigation. This research utilizes secondary data from relevant regulations; Law Number 40 of 2007 concerning Limited Liability Companies, and Government Regulation Number 47 of 2012 concerning Corporate Social Responsibility and Environmental Liability of Limited Liability Companies. These regulations will be examined through multiple interpretations to identify existing legal issues, such as unclear norms, conflicting norms, and the absence of legal regulations, in order to seek necessary solutions and undertake legal reforms.

III. RESULTS AND DISCUSSION

The essence of Corporate Social Responsibility (CSR) principles lies in strengthening a company's ability to adapt domestically and globally to the environment, society, and relevant stakeholders at the local level. In its implementation, all elements, including the business world, government, and society, must mutually influence and support each other for CSR to be realized comprehensively. This also entails decision-making, implementation, and accountability carried out collectively.

Furthermore, a state founded on law fundamentally aims to ensure the survival of society. Therefore, the law must be able to guarantee the continuity of activities for both individuals and legal entities. In this context, domestic enterprises are crucial elements that must be protected. The state will also benefit from the rapid social development and business progress within it.

Moreover, if the legal aspects governing the CSR mechanism are clear and unambiguous, then CSR obligations cannot be avoided or sidelined. In the context of CSR obligations, three aspects are considered essential to be fulfilled for the law to be deemed secure and measurable:

1. Timing: Determining when it should be implemented.
2. Amount: Establishing the extent of contributions to be made, both in material and non-material forms.
3. Oversight: Ensuring that the provisions in the law can be implemented as expected.

By meeting these three aspects, the law can provide a clear and measurable foundation for the implementation of CSR obligations.

Based on the existing CSR regulations through the Company Law and CSR Presidential Regulation (PP CSR), are these three aspects fulfilled? This is crucial because if one intends to utilize CSR for infrastructure development in numerous regions, it cannot be done without clear benchmarks. It must be adhered to by companies. CSR can serve as an opportunity as a development partner. Naturally, with the capabilities possessed and the substantial funds required, CSR cannot be

generalized, but with appropriate regulations, CSR can be utilized, for example, to build irrigation systems or villages. On a smaller scale, this would not be feasible without clear and unambiguous regulations that can be complied with and serve as a foundation. Certainly, corporate leaders do not desire this. Avoid risking by imposing CSR obligations without concrete legal support.

In Indonesia, CSR is regulated in the Limited Liability Company Law, replacing Law No. 1 of 1995 concerning Limited Liability Companies, where CSR is transformed into "Social and Environmental Responsibility" (TJSL). The aim is to ensure that the company's objectives extend beyond mere profit generation for shareholders. Social and environmental protection is essential for stakeholders, particularly the communities surrounding the company. Within this regulatory concept, the nomenclature is social and environmental in nature and does not encompass developmental aspects, whereas CSR only covers the immediate social environment, which by definition has a limited impact. This underpins the CSR concept in this regulation. In the future, we aspire to be partners in large-scale infrastructure development in this region. Small and medium enterprises are included above.

The Company Law constitutes an obligation for corporations arising from the social and environmental impacts of their activities. Therefore, the resultant activities must also be accountable for environmental degradation and socially beneficial to the surrounding communities. Presidential Regulation No. 47 of 2012 elucidates the implementation mechanism of CSR for limited liability companies. CSR is governed by the Company Law through Article 74 paragraphs (1) to (4), which explicate:

1. Article 74 Paragraph (1): Companies engaging in business activities within and/or associated with natural resources are obligated to be socially and environmentally responsible.
2. Article 74 Paragraph (2): Social and environmental responsibility as stipulated in paragraph (1) is a company's budgeted and accounted-for obligation and is executed with due prudence and reasonableness.
3. Article 74 Paragraph (3): Entities failing to fulfill the obligations as intended in paragraph (1) shall face sanctions in accordance with legislative provisions.
4. Article 74 Paragraph (4): Further regulations regarding Social and Environmental Responsibility are delineated by government regulations.

Article 74 concerning social and environmental responsibility emerged during deliberations at committee and special committee levels of the DPR (House of Representatives). The provisions in Article 74 of the Limited Liability Company Law No. 40 state that social and environmental responsibility encompass compliance with legislation, provision of budgets for social and environmental responsibility, and reporting obligations, including interpretation. Following the developments in mass media coverage concerning the discussion of Article 74 of Limited Liability

Company Law No. 40, the wording underwent significant alterations due to strong criticism from economic stakeholders.

To date, social and environmental responsibility is not exclusively applied to companies operating in or associated with natural resources but also extends to all enterprises, including newly established or financially struggling small and medium-sized enterprises. The scope and comprehension of social and environmental responsibility in the context of Article 74 of Limited Liability Company Law No. 40 are founded on literature and international organizations (World Bank, ISO 26000), as well as existing national and international practices. The International Organization for Standardization (ISO) is presently developing CSR standard concepts expected to be finalized by the end of 2009. These standards are recognized as ISO 26000 Guidance on Social Responsibility. With these standards, only one CSR concept will be known by the end of 2009. Until now, various concepts of CSR have been utilized by various organizations and international experts.

Legal regulations cannot be enforced unless there are implementing regulations. Therefore, although the Company Law has been followed as implementing regulations through Presidential Regulation No. 47 of 2012, the implementing regulations do not explicitly specify the level of commitment that must be undertaken. Due to the absence of clear standards regarding corporate integrity and justice, which cannot be measured, there are numerous assumptions regarding the scale and limits of CSR obligations, even though these assumptions cannot be restricted to the use of CSR in measurable development. This implies the need for clear measurements that can be obtained in the form of threshold values. A minimum percentage of the company's ordinary income is utilized for CSR.

At the core of the existence of Corporate Social Responsibility (hereinafter referred to as CSR) principles is to strengthen a company's capacity to adapt domestically and globally to the environment, society, and relevant stakeholders at the local level. In its implementation, every element of the business world, government, and society must mutually influence and support each other, so that CSR can be realized comprehensively, and decision-making, implementation, and accountability can be carried out collectively.

Despite the implementation of Corporate Social Responsibility (CSR) activities in Indonesia starting in the early 2000s, the idea with a similar foundation has existed since the 1970s, ranging from simple donations to comprehensive integration into corporate strategies. Given the importance of social responsibility, the implementation of CSR requires regulation enforced by law enforcement agencies. Some regulations supporting the implementation of CSR in Indonesia include:

1. Law Number 40 of 2007 concerning Limited Liability Companies.

However, in the implementation of CSR budgets, there are often issues related to rationality and fairness. It is not uncommon for the value of a company's CSR to differ from that of other companies, and the lack of clarity regarding sanctions for rule violations adds

confusion for entrepreneurs. In response to this confusion, Article 74 of the Company Law has been submitted to the Constitutional Court (MK) for material review by several Indonesian business associations such as KADIN and IWAPI. However, the Constitutional Court rejected considering Article 74(1), (2), and (3), as CSR programs were deemed not contradictory to Article 33 of the 1945 Constitution, and the House of Representatives (DPR) was deemed to protect citizens' constitutional rights within companies by safeguarding companies benefiting from asset distribution, as they act in the interests of the people.

2. The Investment Law Number 25 of 2007 (Investment Law) regulates Corporate Social Responsibility (CSR) in several articles as follows:
 - a. Article 15 (b): Every investor has the authority to carry out social duties of the institution.
 - b. Article 16 (d): Every investor has the duty to preserve the environment.
 - c. Article 16 (e): Every investor has the duty to create safety, welfare of workers, comfort, and health.
 - d. Article 17: Business actors utilizing non-renewable natural resources are obliged to provide financing for environmentally friendly location rehabilitation gradually, with its implementation regulated in legislation.

The existence of Law Number 25 of 2007 also upholds the principle of accountability, implying that every investment action must be accountable to the local community or society as the sovereign holders of the state. The principle of sustainability is also acknowledged, emphasizing that investment must ensure welfare and progress in all aspects of life, both present and future. Furthermore, there is an environmental principle that demands investors to prioritize the protection and preservation of the environment.

Understanding the theory of utilitarianism, introduced by Jeremy Bentham and cited by Ahmad Ali, provides a philosophical basis for corporate social responsibility (CSR) and moral obligations towards the environment and society in business practices (Ali, 2002). This theory emphasizes that actions taken should result in the greatest happiness for the greatest number of people or society. Therefore, protecting the environment and contributing to the welfare of society are consistent with the principles of utilitarianism as they generate significant benefits for many people.

This concept also stimulates a paradigm shift in business practices, emphasizing the importance of companies as entities that must consider the economic, social, and environmental impacts of their activities. Currently, the importance of companies in preserving the environment and providing benefits to society is increasingly emphasized, in addition to their focus on generating profits for shareholders (Bertens, 2000).

In this context, companies have various obligations to society covering economic, legal, ethical, and philanthropic aspects. This includes the responsibility to create sustainability in their business practices, advance shareholder welfare, and ensure compliance with applicable laws and regulations.

Thus, portraying companies as part of a broader society, as described in the diagram by Nor Hadi and Archie B. Carroll, reinforces the idea that companies are accountable not only to shareholders but also to various stakeholders involved in their business ecosystem (Hadi, 2011). Therefore, integrating CSR principles into business practices is not only a moral step but also an increasingly urgent need in the era of sustainable modern business.

3. Law Number 4 of 2009 concerning Mineral and Coal Mining (Minerba Law) regulates CSR in several articles:
 - a. Article 95 letter (d): Mining Business License (IUP) and Special Mining Business License (IUPK) holders are obliged to carry out the development and empowerment of local communities.
 - b. Article 106: IUP and IUPK holders must prioritize the utilization of local labor, goods, and services in accordance with the provisions of the legislation.
 - c. Article 107: In carrying out production operation activities, business entities holding IUP and IUPK must involve local entrepreneurs in the area in accordance with the legislation.

In the Mineral and Coal Mining (MINERBA) Law, CSR is manifested in the form of development and empowerment of local communities, utilization of local labor, and participation of local entrepreneurs. The fundamental principle of CSR in this context is to empower communities to improve their own welfare. Furthermore, the goal of implementing CSR is to ensure a good relationship between mining companies and local communities, thereby enabling smooth company operations without disruption.

The expectation from the implementation of CSR in the mineral and coal mining sector is to provide positive impacts for local communities, such as empowerment and welfare improvement, which ultimately will also benefit the company's image. Although the benefits may not be immediately significant, well-implemented CSR is expected to provide long-term positive impacts for both parties, both the company and the local community.

3.1. Corporate Social Responsibility (CSR) Regulations

The implementation of CSR has been well-regulated through laws, government regulations, and local regulations. The principles contained in these regulations emphasize the importance of CSR for companies and society. Companies that implement CSR effectively will receive appreciation from the community as they are seen as entities that care not only about profits but also about the welfare of society.

However, it should be noted that most regulations do not specify sanctions for companies that do not comply with CSR obligations. This may be due to the fluctuating nature of CSR funds and concerns that imposing sanctions could reduce investor interest in investing in Indonesia. Therefore, the implementation of CSR ultimately depends on the voluntary awareness and commitment of companies to carry it out.

Regarding whether companies obligated to finance CSR can assist a Micro, Small, and Medium Enterprises (MSMEs) experiencing financial difficulties, there are no regulations specifically addressing this matter. However, considering the importance of MSMEs in the local economy and the potential mutually beneficial cooperation between large companies and MSMEs, directly assisting MSMEs or through CSR programs can be a positive action. Although not legally required, this action can strengthen the relationship between companies and the local community and support inclusive economic growth.

The Importance of Corporate Social Responsibility (CSR)

Several factors drive the necessity of organizational order in CSR programs (Keraf, 1998) are as follows:

1. Diverse societal needs and aspirations. To sustain amidst intense economic competition, companies must not solely pursue profit but also demonstrate sensitivity towards the ever-evolving needs and expectations of society.
2. Limited natural resources. Given the constraints of natural resources, organizations should strive to utilize them as efficiently as possible.
3. Corporate social responsibility initiatives foster a conducive social environment, ensuring fair collective welfare and a balanced social milieu.
4. The balance between responsibilities and authorities. The economy exerts significant impacts on the environment, consumers, social conditions, as well as the moral and cultural fabric of society. Consequently, these considerable influences must be counterbalanced with socially responsible programs that are effectively managed.

In its implementation, Regional-Owned Enterprises (ROEs or known as BUMD in Indonesia) as entities advancing activities in local environments undoubtedly interact with the local community, which includes Micro, Small, and Medium Enterprises (MSMEs or known as UMKM in Indonesia). In principle, ROEs allocate funds that can be directed towards Corporate Social Responsibility (CSR) initiatives. However, the amount and beneficiaries are largely determined by policies set by the local government. It is not uncommon for CSR allocations to be directed towards social and religious activities, while measures to enhance the local economy, especially in supporting MSMEs, are rarely implemented, let alone in supporting the trademark registration process for MSMEs.

The legal basis for Corporate Social Responsibility (CSR) consists of several regulations as follows:

1. Law Number 19 of 2003 concerning State-Owned Enterprises (SOEs), further regulated in Minister of State-Owned Enterprises Regulation Number Per-05/MBU/2007. This relates to Ministry Program Rules (APK) covering assistance for the advancement of small entrepreneurs (Article 1 paragraph 6) and the Community Development Program (PBL) which includes assistance for victims, education or training, natural disasters, places of worship, development of public facilities and infrastructure, health improvement, and environmental conservation (Article 1 paragraph 7 and Article 11 paragraph (2) e).
2. Law Number 40 of 2007 binding Limited Liability Companies (PT). Article 74 paragraph 1 regulates the obligation of social and environmental responsibility for companies operating in or related to Natural Resources (SDA). Article 74 paragraph 2 addresses cost calculations, principles of propriety, and reasonableness. Meanwhile, Article 74 paragraphs 3 and 4 regulate sanctions and supplementary regulations.
3. Law Number 25 of 2007 concerning Investment. Article 15 (b) asserts that every capital provider has an obligation to carry out social tasks for the respective institution.
4. Provincial Regulation of Riau Province Number 6 of 2012 concerning Corporate Social Responsibility in Riau Province.
5. ISO 26000 Standard on social responsibility which includes standards and guidelines regarding Corporate Social Responsibility.

Certainly, unlike other ISO standards such as ISO 9001:2000 and 14001:2004, ISO 26000 functions as a guideline. ISO 26000 encompasses several important aspects as follows:

- a. ISO 26000 provides guidance on social responsibility for all types of organizations regardless of size or location, aiming to identify relevant principles and issues, integrate, implement, and advance social responsibility practices, identify and engage stakeholders, and communicate commitments, performance, and contributions to sustainable development.
- b. ISO 26000 encourages organizations to undertake activities beyond mere legal obligations.
- c. ISO 26000 complements other instruments and initiatives related to social responsibility, aiming to enhance the effectiveness of existing practices.
- d. ISO 26000 promotes the use of common terminology in the context of social responsibility and enhances understanding of the concept of social responsibility.
- e. ISO 26000 is consistent with international treaties and other ISO standards and is not in conflict with government authorities in regulating an organization's social responsibility.

- f. ISO 26000 is based on principles of adherence to the law, respect for international instruments, accountability, transparency, respect for human rights, prevention approach, and appreciation of diversity.
6. The latest Government Regulation, Government Regulation Number 47 of 2012, regulates social and environmental responsibilities for Limited Liability Companies. There are seven key provisions encompassed in this regulation. Firstly, it establishes Corporate Social Responsibility (CSR) as an obligation for every company operating in the natural resources sector. Secondly, CSR must be implemented both within and outside the company's environment. Thirdly, CSR implementation is conducted by the company's board of directors based on an annual work plan approved by the board of commissioners or the General Meeting of Shareholders (GMS). Fourthly, the annual work plan must adhere to principles of propriety and reasonableness, with CSR expenditures considered as company expenses. Fifthly, CSR activities must be reported in the company's annual report and be accountable to the GMS. Sixthly, companies failing to implement CSR will be subject to sanctions according to applicable laws and regulations. Seventhly, this regulation encourages awards for companies that have implemented CSR as recognition of their contributions (Suppto, 2014).

Several legal regulations, including sectoral ones, have addressed CSR. Below are some of the regulations:

1. Law Number 40 of 2007 concerning Limited Liability Companies

The concept of CSR within the Limited Liability Companies Act also encompasses the environment. Thus, officially, this law uses the term Social and Environmental Responsibility (TJSL). This law regulates the obligations of companies related to natural resources to carry out social and environmental responsibilities. Article 74 paragraph (1) of the Limited Liability Companies Act states, "Companies conducting business activities in or related to natural resources must carry out Social and Environmental Responsibility." Failure to comply with this provision may result in sanctions according to applicable laws and regulations.

2. Regulation Government Number 47 of 2012 concerning the Social and Environmental Responsibility of Limited Liability Companies

The government issued Regulation No. 47 of 2012 as the implementing regulation of Article 74 of the Limited Liability Companies Law mentioned above. Regulation No. 47 of 2012, signed by President Susilo Bambang Yudhoyono, contains only nine articles. One of the provisions regulates the mechanism for implementing the social and environmental responsibilities of companies. Article 4 paragraph (1) of Regulation No. 47 of 2012 states, "Social and environmental responsibilities are carried out by the Board of Directors based on the company's annual work plan after obtaining approval from the Board of Commissioners or

the General Meeting of Shareholders in accordance with the company's articles of association, unless otherwise stipulated in the laws and regulations."

3. Law Number 25 of 2007 concerning Investment

The Investment Law also includes one article that regulates CSR. Article 15 letter b states: "Every investor is obliged to: implement corporate social responsibility." The explanation of Article 15 adds that "corporate social responsibility" refers to the responsibility inherent in every investor company to maintain harmonious, balanced, and culturally appropriate relationships with the local environment, values, norms, and culture of the community.

4. Law Number 22 of 2001 concerning Oil and Natural Gas

The Oil and Gas Law does not explicitly regulate corporate social responsibility. However, upon careful reading, there is one provision that implicitly touches on CSR. That provision is Article 11 paragraph (3) letter p, which states, "The Cooperation Contract as referred to in paragraph (1) must contain at least the following main provisions: community development and the assurance of the rights of indigenous peoples."

5. Law Number 4 of 2009 concerning Mineral and Coal Mining

The Mineral and Coal Mining Law does not explicitly mention social responsibility but uses the term community development and empowerment programs. Article 108 paragraph (1) of the Mineral and Coal Mining Law states that "the Holder of IUP (Mining Business License) and IUPK (Special Mining Business License) must prepare community development and empowerment programs." Article 1 number 28 of the Mineral and Coal Mining Law defines community empowerment as "efforts to improve the abilities of communities, both individually and collectively, to enhance their quality of life."

6. Government Regulation Number 23 of 2010 concerning the Implementation of Mineral and Coal Mining Activities

Regulation No. 23 of 2010 is the implementing regulation of the Mineral and Coal Mining Law. This regulation provides further explanation regarding community development and empowerment as mentioned in the Mineral and Coal Mining Law. There is a specific chapter, namely Chapter XII, consisting of four articles that regulate community development and empowerment. One of them is Article 108 which states, "Every holder of Production Operation Mining Business License and Special Production Operation Mining Business License is obliged to submit a report on the realization of community development and empowerment programs every 6 (six) months to the minister, governor, or regent/mayor according to their authority." Violations of this obligation may incur administrative sanctions.

7. Law Number 21 of 2014 concerning Geothermal

The Geothermal Law also has one article regulating corporate social responsibility. This law mentions the term corporate social responsibility and community development simultaneously. Article 65 paragraph (2) letter b states: "In the implementation of geothermal management, the community has the right to benefit from geothermal exploitation activities through the company's obligation to fulfill corporate social responsibility and/or community development in the surrounding area."

8. Law Number 13 of 2011 Concerning the Handling of the Poor

There are at least two articles that touch on CSR in Law No. 13 of 2011. Firstly, Article 36 paragraph (1) letter c states that one source of funding for handling the poor is funds allocated from corporate entities. This provision is further emphasized by Article 36 paragraph (2) which states, "Funds allocated from corporate entities as referred to in paragraph (1) letter c shall be used to the maximum extent possible for the handling of the poor."

Additionally, there is Article 41 which uses the term community development. Article 41, paragraph (3) explains that business entities participate in providing community development funds as a manifestation of social responsibility towards addressing poverty.

3.2. Utilization of CSR Funds for Financing Micro, Small, and Medium Enterprises (MSMEs)

In the distribution of CSR partnership funds, they are generally categorized into two forms; Partnership Program and Environmental Development, commonly referred to as Partnership and Community Development Program (PKBL). The Partnership Program involves providing revolving credit with low interest rates to Micro, Small, and Medium Enterprises (MSMEs), while Community Development focuses more on empowering communities through various activities such as educational assistance, healthcare, public infrastructure development, natural disaster relief, and environmental preservation. However, in this CSR distribution, there is no specific budget allocation to finance MSME brands, thus the development of these brands cannot be expected from corporate assistance. As an alternative, MSME institutions can form groups to garner government attention with stronger social justifications. The conclusion of this research indicates that the assistance provided to MSMEs has varied scopes, yet there are both effective and ineffective aids. Effective findings include assistance in marketing, training, and mentoring. Additionally, the sustainability of MSME performance is also measured through social, environmental, and business dimensions, with emphasis on business success as the ultimate outcome. In some places, the distribution of CSR funds prioritizes partnership forms with the concept of community development, which encourages participation between fund providers and recipients (Harprayudi, 2022). The competitiveness built through CSR programs includes enhancing human resource capabilities, marketing, production and technology, as well as finance (Sugiyanto, 2017).

IV. CONCLUSIONS

The regulation of CSR has been comprehensively established in regulations, ranging from the highest to the lowest levels, affirming its importance as a program to be implemented. However, there are no provisions in each of these regulations that direct the use of CSR to assist MSMEs trademark, as it is considered a business matter that may only benefit certain segments of society. Nevertheless, the utilization of trademark for MSMEs is crucial for their legal protection, yet the costs involved often require assistance from the government as the profits generated by these institutions tend to be small. If MSMEs wish to obtain CSR funds, it is advisable for them to form their own associations so that the group or social element becomes the basis for the utilization of these CSR funds.

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