



Implementation Corporate Social Responsibility Of Regional Owned Business Agencies To Help Handling Covid-19 In Kendal

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Abstract

Improve the welfare of the community in the area around the company and corporate responsibility. This can happen because the community feels affected by the environment that comes from the company's operations. The improvement of conditions in the social environment is one way of fulfilling the responsibilities known as corporate social responsibility or CSR. The definition of economic democracy in the national economy is based on the principles of unity, equity, sustainability of function, environmental mobilization, independence, and in maintaining the balance of development and national economic unity, it is important to support the 'main economic institutions; to determine the welfare of the people. CSR activities for the community are a process of migration and are related to the existing resources in the community. Currently, Social Welfare is no longer voluntary in nature but it has become the responsibility of many companies to implement it, although so far there have been no serious sanctions imposed on non-CSR companies.

Keywords: CSR; Corporate social responsibility; Law of the Republic of Indonesia Number 40 of 2007; Community Welfare

I. Introduction

Increasing the welfare of the community around the company and corporate responsibility. This can happen because the community feels affected by the environment that comes from the company's operations. The improvement of conditions in the social environment is one way of fulfilling the responsibilities known as corporate social responsibility or CSR. According to Ardianto, CSR is about values and standards that are carried out in relation to the commitment of the business world to act ethically, operate legally and contribute to improving the quality of life of employees and their families, local communities, and society at large.¹

Based on the 1945 Constitution of the Republic of Indonesia, Article 33 mandates that the Indonesian economy is structured based on the principle of kinship. The meaning of economic democracy in the national economy is held with the principles of unity, equity, sustainability of functions, environmental awareness, independence, and sustainability

¹Ardianto, Elvinaro dan Dindin Machfudz, 2011, *Efek Kedermawanan Pebisnis dan CSR*, Jakarta: Elek Media Komputindo, p. 6.

of the balance of development and the unity of the state economy, it is important to be supported by major economic institutions in terms of social welfare.

The Payment Company (PT) as a recognized organization in Indonesia is one of the pillars of the country's economic development, which must be supported by various regulations to advance it. the development of a country that is built as a united force based on the principle of brotherhood. The business world is currently booming, with fierce and fierce competition. Institutional development related to the level of population inequality and environmental degradation. Social inequality is characterized by a combination of the interests of company expansion and the rights of the people that will be protected.²

activities CSR for the community are a moving and related process in the community. *General responsibility* is no longer voluntary but has become the responsibility of many companies to implement it, although so far no serious sanctions have been imposed on non-CSR companies. Corporate Social Responsibility (CSR) as stated in Article 74 of Company Law:

- a. Organizations that carry out business activities in the field and are related to natural resources are required to carry out social and environmental responsibility (TJSL).
- b. Social and Environmental Responsibility as well as Corporate Responsibility is planned and calculated as the cost of implementing the Company in a fair and just manner.
- c. Companies that fail to fulfill their obligations will be subject to sanctions in accordance with the sanctions stipulated by laws and regulations.

According to company regulations, companies, especially companies that have an important role in activities related to natural resources, must fulfill their responsibilities to the community. The birth of the Covid-19 virus is something that not everyone can imagine what will happen. The emergence of the Covid-19 virus can be a situation where everyone cannot imagine what the impact will be. The virus from the Chinese city of

²Muchamad Taufiq, 2019, Kedudukan Hukum Corporate Social Responsibility pada BUMD berdasar Undang-Undang RI Nomor 40 Tahun 2007, Jurnal Ilmu Manajemen Advantage (Vol 3 No.1)

Wuhan has many unprecedented consequences, such as the work of domestic policies implemented by nearly all governments in the world, including Indonesia.

The spread of the Covid-19 virus that has spread in Indonesia, including in Kendal Regency. The high death rate due to this virus has caused people to be worried, which has affected various activities. When the government is focusing on the health sector as a frontline in overcoming the increase in COVID-19 patients, the economic sector also results in a decrease in the level of people's welfare due to reduced income or even unemployment. Various efforts have been made in reducing and overcoming the government to combat the spread of the virus, such as organizing detention centers based on regional independence, establishing RS Siaga, issuing a ban on participation in any activity, dissolving education. sectors, and the 'Peak of the High Border (PSBB) was issued by the central government in early April.

The implementation of corporate social responsibility or CSR has become one of the obligations for all companies, even CSR itself has become one of the systems that need to be considered in the company's management structure, because in the nature of CSR itself it can be defined in various purposes. The company's CSR practices according to Setyaningrum (2011) can be identified in various purposes, namely activities, law, economics, ethics, and philanthropy.³

In connection with the current Covid-19 pandemic situation it also forces companies to adapt to this uncertain situation, because the Covid-19 pandemic also has an impact on CSR implementation for several companies. Several regional companies in Kendal Regency have also played a role in efforts to tackle the COVID-19 pandemic through the BUMD CSR program. PDAM Tirto Panguripan, one of the BUMDs in Kendal, is taking the lead in helping provide food for the people in exile. Through the Kendal District Health Office, PDAM Tirto Panguripan provides CSR assistance to companies owned by the Kendal Regency Government.

Based on the description of the background of the existing problem, to further examine the role of CSR, especially for BUMDs in helping to deal with Covid-19, even though there is no legal umbrella for regional companies, there is no basis for implementing CSR

³³Setyaningrum, D. A, 2011, Pengaruh Implementasi Corporate Social Responsibility Terhadap Kesejahteraan Hidup Masyarakat (Studi Kasus Pada PT . Apac Inti Corpora , Bawen). *Jurnal Manajemen*. Pages 1–81

for BUMD automatically making the author interested in conducting thesis research with the title "Empowerment Corporate Social Responsibility of Regional-Owned Enterprise in the Context of Helping Handling Covid-19 in Kendal Regency".

II. Method

The approach method used in this research is the normative juridical method. The normative juridical approach is an approach that is carried out based on the main legal material by examining theories, concepts, legal principles and laws and regulations related to this research. This approach is also known as the approach literature, which is by studying books, laws and regulations and other documents related to this research. This normative juridical is a method or procedure used to solve research problems by examining secondary data first and then continuing to examine primary data in the field. So the empirical juridical approach is a study that examines the implementation of *corporate social responsibility* for regional-owned enterprises in order to help handle covid-19 in Kendal district.

Sources of data in this study were obtained through secondary data sources. Secondary data were obtained by conducting (*library research library research*). This data collection can be done by conducting a study or library research (*library research*), namely by studying the regulations, documents and books that are related to the problem under study and the doctrines or opinions of scholars. Secondary data collection can be done with the aim of obtaining a theoretical basis and legal basis to stand on in analyzing the data from the research results later. The data collected are in the form of primary legal materials, secondary legal materials and tertiary legal materials.

The data required in this thesis were obtained through literature study. Collection of legal materials through library research is a documentary technique, done by collecting from archival studies or literature studies such as books, papers, articles, magazines, journals, newspapers or the work of experts.

In the discussion of this thesis, the author uses a qualitative analysis method, namely data analysis which is based on finding efforts on the principles and information sourced from secondary data. The data obtained from the results of library research, then analyzed using qualitative analysis methods to answer the problems that have been formulated,

namely by analyzing the quality of the data obtained, in order to obtain a clear and relevant picture of *Corporate Social Responsibility* (CSR).

III. Main Heading of the Analysis or Results

A. *Overview of Corporate Social Responsibility (CSR)*

1. *Definition of Corporate Social Responsibility (CSR)*

The concept of CSR is actually not something strange at this time and has become a particular commitment for every company to be responsible for the environment and the surrounding community. Sukada said that Sukada conveyed that Social Responsibility (CSR) in the business world is a way and a vehicle that reflects the perceptions of cooperatives and perceptions of social and environmental responsibility from companies that have knowledge that many of their activities have positive and negative effects.⁴

Corporate social responsibility in another sense, is the company's obligation to formulate policies, make decisions and take actions that help the company.⁵ The idea of CSR is a tool that can be reached by companies to find out the idea of social justice and sustainable development. Warhust said that in companies there must be two types of permits that companies must comply with in order to operate, namely: legal and government permits and social permits issued by the community, which include community welfare programs carried out to obtain business permits.⁶

The definition of CSR in the management dictionary is a business philosophy which states that companies must act as good citizens, not just lawbreakers. But also having advertising and marketing activities to prevent environmental pollution or destruction of natural resources, the company not only wants to make a profit without paying attention to the interests of society such as pollution, environmental damage, environmental damage and others.⁷

⁴Sony Sukada, dkk, 2007, *CSR for Better Life Indonesian Content, Membumikan Bisnis Berkelanjutan: Memahami Konsep dan Praktik Tanggung Jawab Sosial Perusahaan*, Jakarta: Indonesia Bussines Link, p. 7.

⁵Amin Wijaya Tunggal, 2007, *Opini dan Kasus Opini Publik dan Kasus (CSR)*, Jakarta: Harvindo, p. 1.

⁶ Sony Sukada, et al, *Op. Cit.*, P. 34.

⁷Marbun, 2003, *Kamus Manajemen*, PT Jakarta: Pustaka Sinar Harapan, hlm., p. 54.

The various definitions of *Corporate Social Responsibility* above basically have the same concept and perception. It is concluded that *Corporate Social Responsibility* is an organization's (community) decision to act on the basis of social and legal values in the interests of the company and its partners in general and has a positive impact while reducing negative things. impact. to the base. balancing the pillars of the economy. social and environmental aspects to achieve sustainability.

2. *Legal Basis of Corporate Social Responsibility (CSR)*

Corporate Social Responsibility general Sofar, it has been stipulated in many regulations so that several companies are required to fulfill their social responsibilities, not only focus on general issues. A long journey must be taken in the history of the birth of CSR directives or programs that are in line with the terms Community Development (CD) and Community Development Partnership (PKBL).

CSR-related regulations are contained in seven regulations, both in the form of Laws, Government Regulations, and Ministerial Regulations, to be understood by companies. The following describes the regulations governing CSR:

First, regulations that bind State-Owned Enterprises, hereinafter abbreviated to BUMN, as Permeneg BUMN No. PER-05 / MBU / 2007 concerning the Community Development Partnership Program, hereinafter abbreviated as PKBL, which was renewed by Permeneg BUMN No. PER-08 / MBU / 2013.

Second, the regulation is binding on Limited Liability Companies, hereinafter abbreviated as PT, whose operations are related to Natural Resources (SDA), namely the Limited Liability Company Law No. 40 of 2007. Article 74 states: (1) Companies that carry out their business activities in the field of and / or related to natural resources are obliged to carry out social and environmental responsibilities, (2) social and environmental responsibilities as referred to in paragraph (1) are the obligations of the Company. which is budgeted and calculated as the cost of the Company, the implementation of which is carried out with due observance of propriety and fairness.

Third, Government Regulation (PP) Number 47 of 2012 concerning Social and Environmental Responsibility. This PP implements the provisions of Article 74 of Law Number 40 Year 2007. In this Government Regulation, Companies whose business

activities are in the sector and / or related to natural resources are required to implement TJSL.

Fourth, regulations that bind the types of investment companies, namely the Investment Law No. 25 of 2007. Article 15 (b) states that "Every investor is obliged to carry out corporate social responsibility." Sanctions, as stipulated in Article 34, are in the form of administrative sanctions and other sanctions, including: (a) written warnings; (b) restrictions on business activities; (c) freezing of business activities and / or investment facilities; or (d) revocation of business activities and / or investment facilities.

Fifth, Regulation of the Minister of Social Affairs of the Republic of Indonesia Number 13 of 2012 concerning the Forum for Responsibility of the Business World in Organizing Social Welfare. The Ministry of Social Affairs sees the importance of establishing a CSR forum at the provincial level, as a means of partnership between the government and the business world. The proposal of the Minister of Social Affairs is the establishment of a CSR Forum at the provincial level and the completion of an administrative structure approved by the Governor.

3. *Motives and Objectives of Corporate Social Responsibility (CSR)*

CSR implementation initiatives are generally divided into two basic models, namely:⁸

a. the Reactive Model.

The reactive model is the company's reaction after being pressured by the local community. Some observers stated that reactive CSR practices in many ways have an increased positive impact, but avoid a decrease in the negative impact of their products. Meanwhile, a more critical observer stated that this kind of practice is only a distraction and not true CSR.

b. Proactive Model.

This proactive CSR model comes from the company itself which fully realizes the importance of CSR as part of its business strategy. The aim is to obtain social license in the sense of establishing mutualistic social relationships from local and long-term

⁸Sony Sukada, et al, *Op.Cit*, p.128-136.

communication. The company focuses on developing positive impacts and reducing the potential negative impacts of its operations.

In relation to the motivation for the company to carry out CSR, Saidi and Abidin have created a matrix that defines three different categories or paradigms, namely:⁹

The first stage is *corporate charity*, namely: encouraging religious-based charities; the second stage is *corporate philanthropy*, namely: humanitarian encouragement usually comes from universal norms and ethics in helping others and fighting for social equity; The third stage is *corporate citizenship*, namely: citizenship motivation in realizing social justice based on the principle of social involvement. "

4. *Benefits Corporate Social Responsibility (CSR) for Companies*

Edi Suharto stated the benefits obtained by companies for implementing CSR include:¹⁰

- a. *Brand Differentiation*
- b. *Human Resources*
- c. *License to Operate*
- d. *Risk Management*

B. *Overview of Regional Owned Enterprises*

1. *Definition of Regionally Owned Enterprises*

Public institutions are managed by local authorities called Regional Owned Enterprises (BUMD). Regional institutions are institutions formed by regional governments, which are primarily financial or regional governments. In general, the role of BUMD in economic activities and regional development can be seen from 3 aspects, namely:

- a. Increasing Production;
- b. Job Opportunities and
- c. Increasing Regional Revenue

⁹Saidi dan Abidin, 2004, *Corporate Social Responsibility : Alternatif Bagi Pembangunan Indonesia*, Jakarta: ICSD,, p. 69.

¹⁰Edi Suharto, 2007, *Pekerjaan Sosial di Dunia Industri Memperkuat Tanggung Jawab Sosial Perusahaan (Corporate Social Responsibility)*, Bandung: Refika Aditama, p. 7.

BUMDs also have functions and roles assigned to them, the main ones are:¹¹

- a. Implementing state policies in the economic sector and regional development;
- b. Raising funds for regional development;
- c. Encourage people to participate in business;
- d. Be a role model for businesses and businesses that are not attractive to the private sector.

To achieve the goal of BUMD as a PAD method, it is necessary to increase the capacity of BUMD, especially in increasing knowledge in management, staffing, adequate facilities and infrastructure so that it has equal economic strength and time.

2. *Characteristics of Regional Owned Enterprises Regionally owned*

companies and / or companies have different characteristics from State-Owned Enterprises, therefore the characteristics of Regional-Owned Enterprises can be seen as follows:¹²

- a. BUMD is established and supervised by the regional government;
- b. The government has full power, because as the owner of the business rights;
- c. The local government controls all or most of the BUMD capital;
- d. The BUMD in charge is a director who can be appointed and dismissed by the district governor (regent, mayor or governor);
- e. All risks that occur in BUMD are fully borne by the government;
- f. As a financial or national market donor and even as breadwinner;
- g. As an important tool for regional and national economic development;
- h. It is not just about seeking benefits, because benefits must be used for the welfare of the community
- i. . BUMD's shareholders are the government;

¹¹Rustian Kamaluddin, 2019 *Peran dan Pemberdayaan BUMD Dalam Rangka Peningkatan Perekonomian Daerah*, p. 2

¹²www.Google.com/Salamudin.com, Salamudin, Artikel "Pengertian BUMN dan BUMD, Tujuan, Ciri, bentuk-bentuk dan Contoh BUMN, BUMD", accessed November 3, 2020, at 11.11 WIB.

j. BUMN can raise funds or funds from various parties such as banks and non-banks.

3. *The Objectives and Benefits of Regional Owned Enterprises*

objective of the regional government is to establish a regional company which is none other than tax revenue, only the establishment of a regional company to assist regional development and economic development both at the regional and national levels, so that it can meet needs. the people and build a prosperous society, and progress.

There are several things that underlie the establishment of a BUMD, among others:¹³

- a. Economy
- b. Strategic
- c. Budget

C. *Corporate Social Responsibility (CSR) in Order to Help Handling Covid-19*

1. *Understanding Covid-19*

Covid-19 is the name of the disease caused by the corona virus. World Health Organization as the official name for the disease. Covid itself means Corona-2019. The virus can cause death, so WHO has made the corona virus epidemic and has called on President Joko Widodo to provide emergency medical care.

2. *The Role of Corporate Social Responsibility (CSR)*

Big Indonesian Dictionary The biggest dictionary in Indonesia says responsibility is a category that is expected to belong to the people who live in society.¹⁴ The role of CSR can be interpreted as the concept of what CSR can do in society as a form of corporate social responsibility.

The Covid-19 pandemic has become a new obstacle for all aspects of life in the world because this pandemic has completely hampered all aspects of the world, so that the economic aspects have been disrupted due to many countries implementing policies

¹³<http://andichairulfurqan.Wordpress.com/tag/bumd/>, Chairil Furkon "Badan Usaha Milik daerah Sudah rawan" accessed November 03, 2020

¹⁴DEPDIBUD, 1998, *Kamus Besar Bahasa Indonesia*, Jakarta: Balai Pustaka, p. 667.

lockdown to reduce the spread of the virus which has resulted in many. Layoffs of employees from companies.

Meanwhile, on the one hand, companies also still have an obligation to carry out their social responsibilities, even with this pandemic, many companies have to recalculate their strategies in implementing their social responsibility or CSR. Because in the nature of CSR itself it can be defined in various purposes, according to Setyaningrum, a company's CSR practice can be identified in various purposes, namely law, economy, morals and philanthropy.

In the sense of philanthropic action or generosity, this also greatly affects the company's image which can be considered good by the surrounding community, because the trust of the surrounding community in a company can also elevate the company's name to become a kind of long-term investment for the company's sustainability.

3. *Lawrence Meir Friedman Theory of Law* Lawrence Meir Friedman

said that the success or failure of policy legal depends on:

- a. Legal Substance, which is known as the Substantial system that determines whether or not the law can be implemented. determine whether the law can be enforced or not. It also describes the products that people in law make including the decisions they make, the new rules they make. Things that contain the law of life, not just rules in a law book.
- b. Legal Structure / Legal Institution, referred to as a structural system that determines whether a law can be implemented properly. The jurisdiction of law enforcement agencies is based on the rule of law, so that they are not independent in carrying out their duties and responsibilities due to state power and other consequences.
- c. Legal culture, legal culture according to Lawrence M. Friedman, is human behavior in law and law - beliefs, values, ideas, and expectations. Acceptable culture is the spirit of social thought and social forces that determine how laws are used, avoided, or abused. Legal culture is closely related to legal knowledge in society. With the increasing public awareness of the law in society, a better legal culture will be created and can change the public's mindset about law so far.

D. Overview of Policies

Mazmanian and Sabatier argued that policy implementation involves efforts to understand what actually happens after a program is adopted or formulated, namely events and activities that take place after the ratification / public order law process, regardless of whether it is an administrative effort or an attempt to has a certain influence or impact on society or events ”.¹⁵

The public policy process consists of 5 (five) stages, namely:¹⁶

- a. *Agenda setting*, namely the process that attracts government attention to a problem
- b. *Policy formulation*, the process of formulating policy options by the government.
- c. *Decisionmaking*, which is the process by which the government decides to take action or not.
- d. *Implementation of the policy (policy implementation)*, a process for the implementation of policies to achieve a result.
- e. *Evaluation of policies (policy evaluation)*, which is a process to monitor, monitor and evaluate the performance of the policy.

The public policy framework is usually determined by the following variables: The

- a. objectives to be achieved. This covers a complexity of goals to be achieved.
- b. What value messages should be considered in making a policy.
- c. Resources that are able to support the running of policies.
- d. The ability of administrators who will be involved in making a policy.

Environment that includes the economy, social environment, politics and so on.

IV. Conclusion

Public institutions are managed by regional authorities called Regional Owned Enterprises (BUMD). Regional companies are companies established by local governments that have the most capital or are owned by local governments. During the Covid-19 pandemic, all aspects of life in the world are also hampered, including the

¹⁵Mazmanian, Daniel H, and Paul A Sabatier, 2009, *Implementation And Public Policy*, New York: HarperCollins, p. 15.

¹⁶*Ibid*, p. 57-58.

economic aspect. In connection with the current Covid-19 pandemic situation it also forces companies to adapt to this uncertain situation, because the Covid-19 pandemic also has an impact on CSR implementation for several companies.

Several regional companies in Kendal Regency have also played a role in efforts to tackle the COVID-19 pandemic through the CSR program. The implementation of corporate social responsibility or CSR has become one of the obligations for all companies, even CSR itself has become one of the systems that need to be considered in the company's management structure.

PDAM Tirta Panguripan, one of the enterprises in Kendal, decided to help tangagroceries to residents of isolated, through the District Health Office Kendal, PDAM Tirta Panguripan provide assistance that is owned by the Government of CSR from the center of Kendal. The company owned by the Kendal Regency Government also made an action to distribute masks and hand sanitizers to the general public and the customer was the Kendal Regional Drinking Water Company (PDAM), providing concessions for its customers. Namely in the form of giving discounts and exemptions or free water usage payments. This program was carried out as a form of concern for the Kendal residents' favorite PDAM for the impact of the Corona Virus pandemic.

The suggestion that the researchers give is that it is better if the company can divert the flow of CSR funds it has to help the community in handling the Corona virus. With the active participation of investors in this assistance effort, it will be very beneficial for the community, on the other hand, participation in the prevention of the Corona virus will increase. *image* community. This will be *asymbiose-mutuelle* both socially and commercially, it is hoped that many companies and traders will be relocated and taken care of for their CSR activities to help the community in overcoming this Corona virus. With the active participation of business actors, we hope to help stop and prevent social problems.

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