The Implementation of Corporate Social Responsibility (CSR) 
PT. Riau Crumb Rubber Factory to the Community of Sri Meranti Village in Pekanbaru

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Abstract: A company that carried out its business activities in the field and/or related to natural resources is obliged to carry out its Corporate Social Responsibility (CSR). This research was conducted at PT Riau Crumb Rubber Factory which is located in Sri Meranti Village. Raw rubber production activities into semi-finished rubbers that have been routinely generating pollution for the environment and society, such as air pollution and water pollution. The problem is how the implementation of CSR PT Riau Crumb Rubber Factory to the community of Sri Meranti Village in Pekanbaru City? What are the obstacles and the legal effort based on Riau Province Regional Regulation Number 6 Year 2012? This research is a sociological law research. Source of data used in this research is primary data and secondary data. Data collection techniques used in this study are observation, interview, and literature study. Data analysis technique used in this research is qualitative analysis. The result of this research is PT Riau Crumb Rubber Factory has implemented CSR, but it has not fulfilled the expectation the community of Sri Meranti Village because it is not comparable with the pollution and environmental damage caused by the company's operational activities. The obstacle from the company side is the limited budget of CSR funds owned by PT Riau Crumb Rubber Factory to be able to meet all the needs of the community, while from the community side is the lack of legal knowledge of the community of Sri Meranti Village about CSR. The legal effort is that if PT Riau Crumb Rubber Factory does not implement CSR, the community of Sri Meranti Village can convey their aspirations to the DPRD of Riau Province for the company to be recommended to get administrative sanction from the government, such as the suspension of operational license of the company.

Keywords: Corporate Social Responsibility, The Implementation

1. Introduction

The principles that apply in good business activity can not really be separated from our life as human beings. These principles are closely related to the value system adopted by society. Principles in business ethics include autonomy, honesty, beneficence and non-maleficence, principles of justice, and the principle of respect for oneself. Social responsibility is essentially a derivation of business ethics. This business ethics arise from the interaction of business between people who complement each other's needs fulfillment with each other as a result of the growing complexity of human needs and unlimited. Business ethics can bridge the interests between the needs of the company and the social community, both directly and indirectly affected by the company's operations. If a company does not apply business ethics, then the stakes are the company's reputation and trust from stakeholders. Both of these are very important factors to maintain the continuity of the company's business activities. This is in line with the implementation of corporate social responsibility that can maintain the company's performance for the long term.

From the standpoint of business law, there are at least two responsibilities to be taught in business ethics, namely legal responsibility and social responsibility. Legal liability covers civil liability and crime liability, whereas social responsibility is built on the basis of prevailing moral norms in society. In the 1990s, CSR became an idea that grabbed the attention of various circles, ranging from academics, non-governmental organizations, to business people. The adoption of CSR by
a company means that a company is not just a business entity that seeks only for profit, but it is one with the economic, social, and environmental circumstances in which it operates.

This research was conducted in PT Riau Crumb Rubber Factory. PT Riau Crumb Rubber Factory is a factory processing raw rubber material into semi-finished material for industrial raw materials. Production activities in the company have caused a variety of pollution that affects the environment and society, such as air pollution and water pollution. Processing of raw rubber material causes a stinging smell that disturbs the breathing of people who live around the company location. In addition, the Siak River, the main water source for the people there, has also been polluted by factory waste. In fact, CSR implemented by PT Riau Crumb Rubber Factory is very minimal perceived by the community of Sri Meranti Village. This is not comparable with the pollution and environmental damage caused by the company's operational activities, whose impact is felt daily by the community.

Based on the above description, then the formulation of the issues to be discussed in this study are as follows:

1) How is the implementation of CSR PT Riau Crumb Rubber Factory to the community of Sri Meranti Village in Pekanbaru City?

2) What are the obstacles in the implementation of CSR PT Riau Crumb Rubber Factory to the community of Sri Meranti Village in Pekanbaru City?

3) How is the legal effort on the implementation of CSR PT Riau Crumb Rubber Factory to the community of Sri Meranti Village in Pekanbaru City based on Riau Province Regional Regulation Number 6 Year 2012?

2. Research Methods

This research is a sociological law research. Sources of data used in this research are primary data and secondary data. Primary data is data obtained directly from the observation and interview; while the secondary data is data obtained from scientific journals, legal literature, and legislation. Data collection techniques used in this study are observation, interview, and literature study. Data analysis technique used in this research is qualitative analysis.

3. Theoretical Framework

According to Law Number 25 Year 2007 about Capital Investment, CSR is the responsibility inherent in any investment company to maintain a harmonious, balanced, and harmonious relationship with the environment, values, norms and culture of the local community. Accordingly, pursuant to Law Number 40 Year 2007 about Limited Liability Companies, social and environmental responsibility is the company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment that is beneficial for both the company itself, the local community and the community in general. In addition, The World Business Council for Sustainable Development explains that CSR is conceptualized as a commitment from the business community to continue to act ethically, to operate legally, and to contribute to economic improvement along with improving the quality of life of employees and their families, as well as enhancing community quality local and community at large. Meanwhile, according to Salim H. S., the concept of CSR is not only a commitment, but an obligation. CSR is a social obligation that must be borne or done by the company to improve the quality and quantity of communities that are in the vicinity of the company or outside the company environment.

Theories about CSR can be classified into four groups, namely instrumental theory, political theory, integrative theory, and ethical theory. First, instrumental theory, or better known as shareholder theory. According to this theory, CSR only as a tool to achieve the economic goals of the company, gain profit. Second, political theory, or better known as corporate constitutionalism or corporate citizenship. According to this theory, the company is not only morally and legally responsible for its
activities, but also its social responsibility as a good citizen. Third, integrative theory. According to this theory, companies must integrate their activities with the needs of society, because CSR is no longer considered a corporate burden, but a company strategy to achieve business goals. Fourth, ethical theory, or better known as stakeholder theory. According to this theory, the relationship between firms and societies is tied to ethical values, so the consequence of companies must implement CSR as an ethical obligation beyond any other considerations.

Various literature on corporate law that discusses about CSR has been written by many experts. One of them is contained in the book "Limited Liability Company; Doctrine, Legislation and Jurisprudence" by Ridwan Khairandy. In his book, Ridwan Khairandy discusses the CSR from the beginning of the CSR concept, the meaning and scope of CSR today, as well as business ethics and social responsibility in the company's activities. In addition, in the book "Legal Entity Status, Principles and Social Responsibility of Limited Liability Companies" by Habib Adjie there is also a discussion on CSR from the meaning of CSR, the scope of CSR, and social responsibility relations company with business ethics. However, in both books there is no discussion about the implementation of CSR on the communities residing around the company site. Regarding the implementation of CSR to the community, the book "Corporate Social Responsibility" by Hendrik Budi Untung explained there. In his book, Hendrik Budi Untung explained about the implementation of CSR PT Kaltim Prima Coal to the community of Rantau Pulung District in East Kutai Regency. He explained that the CSR program run by PT Kaltim Prima Coal can improve the economy and welfare of the community, especially for people who work as fruit farmers.

In the RESPUBLICA Journal of Law Vol.7 No.1, Zulfikar Jayakusuma writes under the title "Corporate Social Responsibility of Transnational Oil Mining to Local Communities (Human Rights Perspective)". According to him, integrating CSR with human rights is a parameter to measure the implementation of CSR to local communities. In the same journal, Yeti writes under the title "Corporate Responsibility to Social and Environment Based on Law Number 40 Year 2007 about Limited Liability Company". According to her, the implementation of CSR is part of the framework of good corporate governance. Then, in YUSTISIA Journal of Law Ed.77, Sentosa Sembiring writes with the title "Corporate Social Responsibility and Social Responsibility in the Perspective of Corporate Law". According to him, the substance of CSR's existence is in order to strengthen the company's sustainability by building cooperation with stakeholders through the surrounding community development programs. Furthermore, in RESPUBLICA Journal of Law Vol.8 No.2, Ferdi writes with the title "Aspect of International Law in Corporate Social Responsibility". According to him, CSR is motivated by the concept of sustainable development formulated in international conference in Stockholm in 1982.

In the RESPUBLICAJournal of Law Vol.9 No.2, Budi Santoso writes with the title "International CSR Standards from the International Legal Perspective". According to him, a company's business activities can have an impact on others, communities, and the environment in which the company operates. In line with that, in the ILMU HUKUMJournal of Law Ed.1 No.1, Firdaus writes under the title "Corporate Social Responsibility; Moral Transformation into Law in Building People's Welfare". According to him, Law Number 25 Year 2007 about Capital Investment and Law Number 40 Year 2007 about Limited Liability Company has changed the CSR paradigm from voluntary based on morality to the mandatory legal obligation for the company. In the RESPUBLICA Journal of Law Vol.11 No.1, Firdaus also wrote under the title "Corporate Social Responsibility in Human Rights; Study on the Fulfillment of Local Social Economic Rights by Oil Palm Plantation Company". According to him, CSR is a legal construction of the state to guarantee that the management of natural resources by oil palm plantation companies gives prosperity to the community. Furthermore, in AHKAM Journal of Islamic Law Vol.XIV No.1, Yayan Sopyan wrote under the title "Corporate Social Responsibility (CSR) as the Implementation of Social Jurisprudence for Community Empowerment". According to him, CSR in the view of social jurisprudence is not only positioned as a corporate obligation, but also a social obligation that must exist as part of social life.
When looking at the various reviews in the literature review as described above, there is no discussion about the implementation of CSR PT Riau Crumb Rubber Factory to the community of Sri Meranti Village in Pekanbaru City based on Riau Province Regional Regulation Number 6 Year 2012 about Corporate Social Responsibility in Riau Province. Even if there is a discussion on the implementation of CSR on the communities residing in the vicinity of the company's location, the research is conducted in a different location with this research.

4. Results

PT Riau Crumb Rubber Factory is a factory processing raw rubber material into semi-finished material for industrial raw materials. The company started operations in Pekanbaru City since 1969, based in Sri Meranti Village. Initially, the company stood on a vacant lot of forest on the banks of the Siak River on the edge of the city. However, along with the development and progress of Pekanbaru City as the capital of Riau Province, currently the Sri Meranti Village has turned into a densely populated area. Population census data in 2016 shows that the population in the Sri Meranti Village currently amounts to 21,987 inhabitants. Production activities of processing crude rubber material into a semi-finished rubber material that goes on continuously in PT Riau Crumb Rubber Factory has caused a variety of pollution that affects the environment and society, such as air pollution and water pollution. Processing of raw rubber material causes a stinging smell that disturbs the breathing of people who live around the company location. In addition, Siak River which is the main water source for the community, its water has also been contaminated by factory waste. Should, a company carrying on its business activities in the field and/or related to natural resources shall be obligated to carry out social and environmental responsibility, with a view to creating a harmonious, balanced and appropriate relationship between the company and society, environment, values, norms and culture local community. This is as mandated by Law Number 40 Year 2007 about Limited Liability Company.

In fact, the CSR implemented by PT Riau Crumb Rubber Factory is very minimal to be felt by the community of Sri Meranti Village, especially for the people who live in RW 02 of Sri Meranti Village, where the company is located. This is not comparable with the pollution and environmental damage caused by the company's operational activities, whose impact is felt daily by the community. In addition, to be able to obtain CSR funds from PT Riau Crumb Rubber Factory, the public must submit a proposal for a request for assistance to the company first. Then, the public is asked to wait for the proposal to be processed until approved by the company. Once the proposal is approved, then the community receives CSR funds from the company, which turns out the amount is not in line with the expected by the community. In the meantime, regarding the possibility of a proposal for a request for assistance approved by the company, PT Riau Crumb Rubber Factory will prioritize proposals coming from communities residing around the company site, such as the community of Sri Meranti Village. However, not all proposals for help submitted by the community will be approved, as the company prioritizes channeling CSR funds for public facilities that are shared by the community, such as assistance for mosque renovation. PT Riau Crumb Rubber Factory has provided funds every year to implement CSR, but no special programs from the company. This company is just waiting for people to submit a request for help. Things like this should not happen because CSR is the legal responsibility that must be implemented by PT Riau Crumb Rubber Factory to the community of Sri Meranti Village. Supposedly, the CSR work field can be run on education, health, infrastructure, sports and cultural arts, social and religious, environmental conservation, community economic enterprise, indigenous peoples empowerment, and other work areas that significantly impact quality improvement Community.

In addition to helping communities residing around the company's premises, PT Riau Crumb Rubber Factory also distributes CSR funds to support activities organized by the government, such as the MTQ at Rumbai District held at Nurul 'Ilmi Mosque in Sri Meranti Village. However, regarding the CSR program that has been implemented, PT Riau Crumb Rubber Factory never reported it
periodically to the government, at least to the Village Head of Sri Meranti. CSR implemented by PT Riau Crumb Rubber Factory is very minimal felt by the community of Sri Meranti Village, especially for the people who live in RW 02 of Sri Meranti Village, where the company is located. This is not comparable with the pollution and environmental damage caused by the company's operational activities, whose impact is felt daily by the community. In addition, to be able to obtain CSR funds from PT Riau Crumb Rubber Factory, the public must submit a proposal for a request for assistance to the company first. That is, PT Riau Crumb Rubber Factory is just waiting for people to submit a request for help. As mentioned earlier, CSR programs can take the form of community empowerment and/or partnership and community development and/or investment and/or donations, and/or promotion. Furthermore, the CSR work field can be run on education, health, infrastructure, sports and cultural arts, social and religious, environmental conservation, community economic enterprise, indigenous peoples empowerment, and other work areas that significantly impact quality improvement Community. However, there are obstacles that make PT Riau Crumb Rubber Factory cannot meet all areas that become the needs of the community of Sri Meranti Village as mandated by Riau Province Regional Regulation Number 6 Year 2012. This is because the company is in a difficult financial condition and the limited budget of CSR funds owned by the company. Therefore, the company prioritizes the channeling of CSR funds for public facilities that are shared by the community.

Actually, CSR is a legal responsibility that must be implemented by PT Riau Crumb Rubber Factory to the community of Sri Meranti Village, as mandated by Law Number 40 Year 2007 about Limited Liability Company. However, the lack of legal knowledge of the community of Sri Meranti Village about CSR so that people assume that CSR only as voluntary assistance from company to society. In addition, the community of Sri Meranti Village no one questioned about the lack of CSR funds provided by PT Riau Crumb Rubber Factory for each proposal for help requests submitted by the community. This is because the company has always prioritized to recruit the community of Sri Meranti Village as its workforce. In fact, for the level of factory workers, about 75% of the workforce of this company is the community of Sri Meranti Village. This is one of the forms of CSR towards the people who live around the company's location. According to Law Number 40 Year 2007 about Limited Liability Company, a company that carries out its business activities in the field and/or related to natural resources is obliged to carry out social and environmental responsibility. Within the law there is no clear mention of sanctions for companies that do not implement CSR. Law Number 40 Year 2007 only states that companies that do not carry out social and environmental responsibility are subject to sanctions in accordance with the provisions of legislation.

The birth of Riau Province Regional Regulation Number 6 Year 2012 about Corporate Social Responsibility in Riau Province further strengthens the legal basis for the implementation of CSR for companies operating in Riau Province. If PT Riau Crumb Rubber Factory does not implement CSR, the community of Sri Meranti Village may convey their aspirations to the Riau Provincial House of Representatives for the company to be recommended to get administrative sanction from the Riau Provincial Government, such as the suspension of operational license of the company.

5. Conclusions

First, PT Riau Crumb Rubber Factory has implemented CSR, but it has not met the expectations of the community of Sri Meranti Village because it is not comparable with the pollution and environmental damage caused by the company's operational activities. Second, the obstacle from the company side is the limited budget of CSR funds owned by PT Riau Crumb Rubber Factory to be able to meet all the needs of the community, while from the community side is the lack of legal knowledge of the community of Sri Meranti about CSR. Third, the legal effort is that if PT Riau Crumb Rubber Factory does not implement CSR, the community of Sri Meranti Village can convey their aspirations to the Riau Provincial House of Representatives for the company to be recommended to get administrative sanction from the government.
6. Suggestions

First, PT Riau Crumb Rubber Factory should routinely implement CSR without having to wait for the community of Sri Meranti Village proposing the activity first. Second, PT Riau Crumb Rubber Factory should regularly report CSR activities carried out in the Sri Meranti Village to the government, at least to the Village Head of Sri Meranti, as an evaluation and archive material for the government. Third, PT Riau Crumb Rubber Factory should work together with the government and universities to provide legal knowledge to the community of Sri Meranti Village about CSR in order to avoid misunderstanding between company and society.

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