

The Implementation of Corporate Social Responsibility in Indonesia: An Obligation or Strategic Competitive Advantage

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ABSTRACT

In the last decade, the issue of environmental sustainability is a serious concern of various parties, governments, organizations, academia, and society at large. Environmental sustainability demanding responsibilities of the various parties, including company or organization. For many companies, the implementation of corporate social responsibility (CSR) is an indication to the stakeholders that the company has a concern for social issues and environmental sustainability. The Indonesian government through Law No. 40/2007 and Government Regulation 47/2012 requires each company to conduct CSR in sustainable economic development to improve the quality of life and environmental sustainability is beneficial. A fundamental question in the implementation of CSR, whether the implementation is only used to fulfill any obligations? Or CSR can be used as a strategic competitive advantage that ultimately improve company performance? This abridge article seeks to provide the perspective of the implementation of CSR as a competitive advantage through the literature review.

Keywords: Sustainability, CSR, Obligation, Strategic Competitive Advantage

ABSTRAK

Dalam dekade terakhir, berkembangnya isu mengenai keberlanjutan lingkungan hidup menjadi perhatian serius dari berbagai pihak, pemerintah, organisasi, akademisi, dan masyarakat secara luas. Keberlanjutan lingkungan hidup menuntut tanggung jawab dari berbagai pihak tidak terkecuali perusahaan atau organisasi. Bagi banyak perusahaan, penerapan *corporate social responsibility (CSR)* merupakan indikasi bagi para *stakeholders* bahwa perusahaan memiliki kepedulian terhadap isu sosial dan keberlanjutan lingkungan hidup. Pemerintah

Indonesia melalui Undang-undang No. 40/2007 dan Peraturan Pemerintah No.47/2012 mewajibkan setiap perusahaan untuk menyelenggarakan CSR dalam pembangunan ekonomi berkelanjutan guna meningkatkan kualitas hidup dan keberlanjutan lingkungan hidup yang bermanfaat. Pertanyaan mendasar dalam penerapan CSR selanjutnya adalah apakah penerapan CSR hanya digunakan untuk memenuhi kewajiban saja? Ataukah CSR mampu digunakan sebagai strategi keunggulan bersaing yang pada akhirnya meningkatkan kinerja perusahaan? Artikel ringkas ini berusaha memberikan perspektif penerapan CSR sebagai keunggulan bersaing melalui telaah literatur.

Kata kunci : keberlanjutan, CSR, kewajiban, strategi keunggulan bersaing

RESEARCH BACKGROUND

The problems regarding environmental degradation and its impact to human life is one of the important issues to the attention of academia, government, and the world organization (Haytko & Matulich, 2008). Steg and Vlek (2009) argues that environmental quality is very dependent on human behavior patterns. Human behavior can cause serious damage to the environment of the earth and contribute threaten human life and other species in the future (Lehman & Geller, 2004). The issue of environmental sustainability is not only raising awareness of the community towards the environment (Mendleson & Polonsky, 1995), but also enhance the company's concern to share responsibility in maintaining the social and environmental viability (Mehralian, Nazari, Zarei, & Rasekh, 2016).

Company as an organization that is running the economy are required to participate in charge of sustainable economic development to improve the quality of life and environmental sustainability. Social responsibility is manifested in the application of CSR. In Indonesia, companies are required to implement CSR as stipulated in **Law No. 40/2007** and **Government Regulation 47/2012**. In a broader scale, currently more than 80% of the 500 companies listed in Fortune magazine to discuss the issue of CSR (Bhattacharya & Sen, 2004).