



Policy Strategy To Optimize Corporate Social And Environmental Responsibility Implementation In Buleleng Regency

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Abstract

This policy paper discusses strategies for optimizing the implementation of Corporate Social and Environmental Responsibility (CSR) in Buleleng Regency, which has not yet been implemented effectively. Of the 1,421 registered companies, only 7.67% have implemented CSR. This situation is caused by weak coordination among stakeholders due to the lack of technical guidelines (juknis) and standard operating procedures (SOPs) for CSR implementation. The research used a qualitative descriptive approach through interviews, focus group discussions (FGDs), and document studies. The analysis was conducted with reference to institutional theory (Scott, 2001), stakeholder theory (Freeman, 1984), and the principles of good governance (UNDP, 1997). Three policy alternatives are proposed: (1) strengthening the CSR Forum through the development of articles of association (AD/ART), (2) developing and establishing CSR Technical Guidelines and Standard Operating Procedures (SOPs), and (3) developing a digital-based CSR information system. Based on the assessment using the Bardach (2012) method for the criteria of effectiveness, efficiency, political feasibility, sustainability and public acceptability, the second alternative obtained the highest score (23). This policy is considered the most strategic because it clarifies coordination mechanisms, increases legal certainty, and serves as a foundation for strengthening forums and digitizing the system in the future. Implementation of this policy is expected to achieve more transparent, measurable, and sustainable CSR governance, as well as strengthen synergy between local governments, businesses, and communities for inclusive and equitable development in Buleleng Regency.

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Introduction

Regional development financing through Corporate Social Responsibility (CSR) funds has been implemented in various regions around the world, including Indonesia. This aligns with the findings of Saidi & Abidin (2004), who cited research by the Public Interest Research and Advocacy Center (PIRAC) in 2001, which found that CSR funds in Indonesia reached over 115 billion rupiah, or approximately US\$11.5 million. These funds were collected from 180 companies and used to fund 279 social programs. This finding reinforces the government's position that, in addition to funding sources from the state budget (APBN), provincial and district budgets (APBD), government-to-business partnership (KPBU/PPP), and regional



loans, CSR funding is also an alternative financing source currently being promoted by the government.

Based on various theories on Corporate Social Responsibility (CSR), Carroll (2017) defines corporate social responsibility as an obligation encompassing economic, ethical, and legal aspects, as well as voluntary contributions to the surrounding community, generally known as philanthropic responsibility. Meanwhile, according to Plunkett and Arthur (1983, quoted in Yuliana, Rita, Purnomosidni, Bambang, and Sukoharsono, 2008), CSR reflects the moral and ethical values that underlie managerial and corporate decision-making, going beyond legal obligations and market demands.

The concept of CSR implies that companies have responsibilities that are not limited to economic and legal aspects alone, but also encompass broader social responsibilities to society. The focus of CSR is not solely on fulfilling formal obligations or rigid accountability, but rather reflects active social contributions and corporate performance in supporting public welfare (Joseph McGuire in Carroll, 2017). Based on these various theories, it can be concluded that CSR is a concept of social responsibility that requires companies to care not only about environmental sustainability but also about the welfare of the surrounding community.

The implementation of Corporate Social Responsibility (CSR) programs in Indonesia has a strong legal basis, including Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies, specifically Article 74, and Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies. Both regulations require businesses to carry out their social responsibilities. In addition, the government also encourages the implementation of CSR by providing assessment and award mechanisms, such as PROPER (Company Performance Rating Assessment Program in Environmental Management), CSR Award, and GKPM (Community Empowerment Work Title) Award.

The Buleleng Regency Government has begun developing the use of Corporate Social Responsibility (CSR) funds as an alternative source of financing for regional development. This effort is demonstrated through the issuance of several regulations, including Buleleng Regency Regulation Number 7 of 2017 concerning Corporate Social and Environmental Responsibility (TJSLP), which was later reinforced by Buleleng Regent Regulation Number 7 of 2021 as its implementing regulations; Regent Decree Number 188.45/304/HK/2021 concerning the establishment of the Buleleng Regency TJSLP Facilitation Team; and the

Buleleng Regency TJSLP Forum, whose management has been confirmed by Buleleng Regent Decree No. 100.3.3.2/335/HK/2025.

However, the implementation of TJSLP in Buleleng Regency is considered suboptimal. The less than optimal implementation of Corporate Social and Environmental Responsibility (TJSLP) in Buleleng Regency is caused by several main problems including the low participation of companies carrying out TJSLP activities in Buleleng Regency (TJSLP report for Buleleng Regency in 2023, 2024). The report shows that in the period 2023-2024, only 109 companies carried out TJSLP activities. When compared to the number of companies registered in Buleleng Regency, which is 1,421 companies, the percentage can be categorized as low (7.67%).

In addition to these issues, the main problem that emerged was the lack of comprehensive regional regulations governing CSR implementation and coordination (Darmawan, N.D., Dewi, N.D.U., & Rahayu, L.R. 2023), and the lack of alignment between the realization of CSR activities carried out by companies and the regional proposal list (TJSLP Activity Report, 2023, 2024).

Based on the USG (Urgency, Seriousness, Growth) analysis conducted through FGDs with the Buleleng Regency TJSLP Facilitation Team, the most important problem was the low participation of companies implementing TJSLP activities in Buleleng Regency (Buleleng Regency TJSLP Report 2023, 2024). An in-depth investigation found that

The low participation of companies implementing TJSLP activities in Buleleng Regency was caused by several factors, including (1) a lack of understanding and awareness of companies regarding their social obligations under Law No. 40/2007 concerning Limited Liability Companies (Andrini, L. 2016), (2) Weak Coordination of TJSLP Implementation in Buleleng Regency (Darmawan, N. D., Dewi, N. D. U., & Rahayu, L. R. 2023) and (3) Lack of Regional CSR Database (Wiryantini, M. A. 2022).

The lack of understanding and awareness of companies regarding their social obligations in accordance with Law No. 40/2007 concerning Limited Liability Companies is caused by several things, including the absence of a clear sanction mechanism for companies that do not implement TJSLP as regulated in Law No. 40 of 2007 concerning Limited Liability Companies (Article 74) (Rafiq, A. 2010), Many companies in the regions do not yet have special human resources to handle TJSLP or special CSR units (Iryadana, M. R. (2024) and the lack of

understanding of companies regarding the "mandatory" nature of CSR (only a moral obligation) (Dewi, K. A. P. 2018).

The root of the problem of Weak Coordination of TJSLP Implementation in Buleleng Regency (Darmawan, N. D., Dewi, N. D. U., & Rahayu, L. R. 2023) is because the technical instructions and SOPs for TJSLP implementation have not been prepared (Darmawan, N. D., Dewi, N. D. U., & Rahayu, L. R. 2023), Lack of TJSLP socialization to companies (Darmawan, N. D., Dewi, N. D. U., & Rahayu, L. R. 2023) and There is no special TJSLP agenda/media available between companies and the Government in Buleleng Regency (Wiryantini, M. A. 2022). Meanwhile, the root cause of the lack of a Regional CSR Database is due to the suboptimal Regional Regulations on Corporate Social Responsibility (CSR) Reporting (Darmawan, N.D., Dewi, N.D.U., & Rahayu, L.R. 2023), minimal reporting of CSR activities related to CSR implementation (Darmawan, N.D., Dewi, N.D.U., & Rahayu, L.R. 2023), and limited Regional Government human resources (Darmawan, N.D., Dewi, N.D.U., & Rahayu, L.R. 2023).

Based on these root causes, the problem statement highlighted in this policy paper is the low participation of companies implementing Corporate Social and Environmental Responsibility (CSR) activities in Buleleng Regency due to weak coordination of CSR implementation in Buleleng Regency, which is caused by the lack of technical guidelines and SOPs for CSR implementation, resulting in the suboptimal implementation of Corporate Social and Environmental Responsibility in Buleleng Regency.

Method

This Policy Paper uses a qualitative descriptive method where the approach taken aims to describe a particular phenomenon or situation in depth and comprehensively. Data, information and selection of policy alternatives were obtained through in-depth interviews and FGDs with the Corporate Social and Environmental Responsibility Facilitation Team and with company representatives in Buleleng Regency. In-depth observation and participatory observation where the author was also directly involved in CSR activities in Buleleng Regency. Secondary data were obtained through the annual CSR implementation report of Buleleng Regency, Regional Regulations, Regent Regulations and other documents related to CSR Buleleng Regency.

Results and Discussion

The implementation of Social and Environmental Responsibility (TJSL) in Buleleng Regency requires an integrated policy approach between the local government, the business sector, and the community. Based on the problem statement in Chapter I, the primary issue lies in the lack of coordination and synergy among stakeholders in the implementation of TJSLP. Therefore, this chapter will analyze relevant theories, concepts, and policies as a basis for finding alternative solutions to this problem.

Empirically, several companies in Buleleng Regency have implemented TJSL programs in the areas of education, health, infrastructure, and community empowerment. Figure 1 shows the number of TJSLP activities in Buleleng Regency from 2018 to 2024. However, the implementation of these programs has not been systematically coordinated and is often not integrated with regional development priorities. The lack of a TJSL database and inconsistent reporting across companies makes it difficult to evaluate the program's impact.

Recap of TJSLP/CSR activities in Buleleng Regency

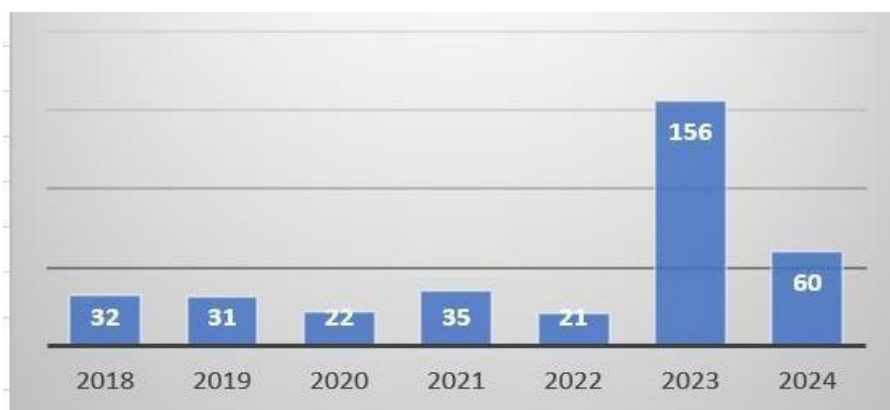


Figure 1. Number of realized CSR activities in Buleleng Regency 2018-2024

The concept of Corporate Social Responsibility (CSR) is rooted in the Triple Bottom Line theory introduced by John Elkington (1997), which emphasizes that a company's success is measured not only by economic gain (profit), but also by social contribution (people) and environmental sustainability (planet). This principle requires companies to conduct business in a way that does not harm the surrounding community and environment. In the context of Buleleng Regency, implementing this principle is crucial to ensure that economic activities not only benefit the private sector but also have a positive impact on local communities and environmental sustainability.

In terms of the legal basis for the implementation of CSR in Buleleng Regency, Buleleng Regency already has Regional Regulations and Regent Regulations related to CSR. These Regional Regulations are Buleleng Regency Regulation Number 7 of 2017 concerning Corporate Social and Environmental Responsibility and Regent Regulation Number 7 of 2021 concerning the Organizational Structure, Duties, and Functions of Regional Apparatus. However, these Regional Regulations and Regent Regulations do not yet contain technical instructions or Standard Operating Procedures describing the stages of CSR planning and implementation. Article 14 of Buleleng Regency Regulation Number 7 of 2017 states that CSR implementation is carried out as follows:

(1) The Company determines CSR targets based on data provided by the Regional Government through the Facilitation Team, by completing a statement form. (2) The Facilitation Team follows up on the Company's decision as referred to in paragraph (1) by preparing a cooperation plan. (3) The CSR plan agreed upon as referred to in paragraph (2) is outlined in a joint agreement signed by the Regent and the Company. In these two legal bases, there are no articles explaining the guidelines for work steps, from the planning, implementation, monitoring and evaluation stages, which must be followed consistently, so that an activity or process runs effectively, efficiently and according to established standards.

According to Institutional Theory (Scott, 2001), the effectiveness of public organizations is highly dependent on the existence of formal rules and institutionalized routines. The lack of established technical guidelines and standard operating procedures (SOPs) leads to low effectiveness in CSR implementation. CSR proposals submitted to companies are often charitable in nature, lacking sustainable impact, not aligned with regional priorities, and lacking a clear timeline. This situation is also clearly evident in the realization of CSR activities in Buleleng Regency in 2023 and 2024. The Buleleng Regency CSR facilitation report shows that 216 CSR activities were implemented by various companies in Buleleng Regency. However, when compared with the list of CSR proposals for the Regency, 76 activities were found to be inconsistent with the list. Of the 76 activities (35.18%), the majority of these activities were charitable in nature, resulting in no sustainable impact.

Implementation of Article 14 of Buleleng Regency Regulation No. 7 of 2017, particularly regarding the signing of a joint agreement between the Regent and companies regarding the agreed-upon Corporate Social Responsibility (CSR) Plan, is also difficult if a single thematic CSR activity involves multiple companies with different implementation times. This is evident

in the 2023 CSR implementation, which is aimed at improving the quality of uninhabitable housing for the extreme poor in Buleleng. Throughout 2023, 16 companies and community groups (not companies) participated in the CSR activity, but their commitment agreements were not finalized simultaneously, preventing the drafting of a joint agreement.

According to Article 17 of Buleleng Regency Regulation No. 7 of 2017 concerning Corporate Social and Environmental Responsibility (CSR), companies are required to establish a Corporate Social and Environmental Responsibility Forum as a collaborative forum for CSR planning and implementation. This CSR Forum plays a crucial role in collaborating with the Buleleng Regency CSR Facilitation Team. Currently, the Buleleng Regency TJSLP Forum has been inaugurated in July 2025, but until now the forum does not have any Articles of Association/Bylaws that serve as the basis for the TJSLP Forum's work, so the activities carried out still tend to be passive.

Coordination between the Forum and the Regency CSR Facilitation Team has not been optimal. The CSR Forum often accepts proposals without verification by the Facilitation Team. Furthermore, the lack of SOPs has led to unclear proposal selection processes by companies. Proposals are only submitted through WhatsApp groups and have not been discussed or socialized throughout the company. This is not in accordance with the Development Communication Theory proposed by Everett M. Rogers (1976) and Everett Rogers & F. Shoemaker (1971), which emphasizes the importance of participatory and adaptive communication to support social change and development. The focus is on two-way communication between the government and the target audience (in this case, the company), not one-way communication. With clear SOPs and technical instructions for CSR implementation, coordination between companies represented by the CSR Forum and the CSR Coordination Team is expected to improve.

Of course, when developing SOPs/technical guidelines for implementing CSR, as outlined in Freeman's (1984) Stakeholder Participation Theory, every organization must

consider the interests of all stakeholders involved or affected. Stakeholders can include the government, the community, NGOs, and the private sector. According to research by Wiryantini, M.A. (2022), companies have a vested interest in CSR activities, and they also need publicity to help them attract consumers/business partners while maintaining long-term

business stability. Therefore, CSR is now not only a form of social obligation but also a vital part of business support.

CSR implementation is closely linked to the principles of good governance, which emphasize transparency, accountability, participation, and effectiveness. In the context of Buleleng Regency, the application of these principles means that all stakeholders must have clear and measurable roles in implementing social and environmental responsibilities. The local government acts as regulator and supervisor, the business sector as the primary implementer, the community as beneficiary and social supervisor, and academics as providers of data and research-based analysis. The synergy of the four parties reflects a collaborative governance model that is oriented towards sustainability (collaborative governance).

The lack of technical guidelines and standard operating procedures (SOPs) for CSR implementation has had a significant impact on various parties, including:

1. For Regional Governments
 - a. Coordination and Governance: There is overlapping authority between regional agencies due to the lack of clear guidelines on who will do what.
 - b. Program Planning: It is difficult to align CSR programs with regional development priorities (e.g., the RPJMD or RKPD).
 - c. Monitoring and Evaluation: The government lacks a basis for measuring the success of CSR implementation due to the lack of reporting standards.
 - d. Public Accountability: The potential for non-transparency increases due to the lack of a standard mechanism for reporting CSR funds.
2. For Companies
 - a. Legal Certainty: Companies are confused about regionally recognized CSR implementation procedures due to the lack of official guidelines.
 - b. Coordination with the Government: There is an unclear communication mechanism with the CSR Facilitation Team or Forum, resulting in the CSR program operating independently.
 - c. Effectiveness of the CSR Program: Programs are often poorly targeted or repeated in the same locations without synergy between companies.
 - d. Compliance and Reporting: There is no standard reporting format or flow, resulting in low levels of company reporting.

3. For the Community

- a. Equitable Benefit Aspect: Not all communities benefit from CSR programs because the program is not directed based on the actual needs of the region.
- b. Sustainability Aspect: Many programs stop after one implementation due to the lack of a monitoring and sustainability system.
- c. Public Participation Aspect: Low transparency prevents the public from knowing the source and benefits of CSR funds received by the region.

Therefore, it can be concluded that CSR implementation in the region is undirected, unmeasured, and uncoordinated, resulting in the business sector's significant potential contribution to the development of Buleleng Regency not being optimally utilized.

Conclusion

The implementation of Corporate Social and Environmental Responsibility (CSR) in Buleleng Regency has not been optimal due to weak coordination between stakeholders and the absence of technical guidelines and Standard Operating Procedures (SOPs) as guidelines for implementation. This situation has resulted in low company participation in CSR activities, a lack of integration with regional development priorities, and minimal accountability and transparency in reporting. The analysis shows that developing and establishing CSR guidelines and standard operating procedures (SOPs) is the most effective policy alternative to address these issues. This policy provides clarity on work mechanisms, strengthens institutional coordination, and increases legal certainty for both companies and local governments. Furthermore, the guidelines and SOPs can serve as a foundation for developing digital information systems and strengthening the CSR forum as a platform for multi-stakeholder collaboration. With the implementation of this policy, CSR implementation in Buleleng Regency is expected to become more focused, measurable, transparent, and sustainable. Collaboration between local governments, businesses, and communities will strengthen inclusive development governance, improve social welfare, and encourage the creation of regional CSR best practices that can be replicated in other regions.

To optimize the implementation of Corporate Social and Environmental Responsibility (CSR) in Buleleng Regency, targeted and sustainable strategic steps are needed. First, the Buleleng Regency Government, through the Regional Development Planning Agency (Bappeda), together with the CSR Facilitation Team, needs to immediately compile and establish technical instructions and CSR Standard Operating Procedures (SOPs). This

document will serve as a standard guideline that ensures clarity of workflow, role allocation, and mechanisms for implementation, reporting, and evaluation of CSR activities. Second, strengthening the CSR Forum needs to be done by drafting Articles of Association and Bylaws (AD/ART), establishing a permanent secretariat, and increasing human resource capacity so that the forum can function optimally as a coordination forum between the local government, the business world, and the community.

Furthermore, digitizing the CSR information system is a crucial step to promote transparency, accountability, and efficiency in program implementation. Developing a digital platform will facilitate reporting, activity mapping, and publicly accessible results monitoring. Furthermore, human resource capacity building and policy outreach activities within companies need to be strengthened to ensure CSR implementation adheres to the provisions and principles of good governance. Finally, CSR implementation should be integrated into regional development planning documents, such as the RPJMD (Regional Medium-Term Development Plan) and RKPD (Regional Work Plan), so that corporate CSR programs can directly contribute to achieving inclusive, equitable, and sustainable regional development goals.

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