



# Social Responsibility Regulations of State-owned Enterprises Companies Towards Smes Perspective of Dignified Justice

Atika Sunarto<sup>1</sup>, Teguh Prasetyo<sup>2</sup>, Elvira Fitriyani Pakpahan<sup>3</sup>, Willy Tanjaya<sup>4</sup>

<sup>1</sup> Faculty of Law, Universitas Prima Indonesia

<sup>2</sup> Faculty of Law, Universitas Pelita Harapan, Tangerang, Indonesia

<sup>3</sup> Faculty of Law, Universitas Prima Indonesia

<sup>4</sup> Faculty of Law, Universitas Prima Indonesia

\* Corresponding author : [atikasunarto@unprimdn.ac.id](mailto:atikasunarto@unprimdn.ac.id)

## Abstract

Social and environmental responsibility or Corporate Social Responsibility (CSR) by State-Owned Enterprises (BUMN) in Indonesia, with a focus on Plantations (Persero), and their impact on Micro, Small and Medium Enterprises (MSMEs). CSR is defined as a company's commitment to contribute to sustainable economic development through a balance between economic, social and environmental aspects. The aim of this research is to analyze the effectiveness of CSR implementation by BUMN in improving community welfare and preserving the environment, as well as to identify the need for reconstruction of Social and Environmental Responsibility (TJSL) regulations based on identified justice. The research method used is qualitative approach, with data collection through in-depth interviews with stakeholders, field observation, and analysis of company documents. The research results show that the implementation of CSR by Plantations has provided significant benefits for the surrounding community and MSMEs, including increased access to capital, training and capacity development programs, as well as infrastructure support. The discussion revealed that although CSR has had a positive impact, there is a need for a fairer and more dignified reconstruction of TJSL regulations to ensure a more equitable distribution of benefits. The novelty of this research lie in the dignified justice based approach in reconstructing TJSL regulations, which has not been widely discussed in previous literature. In conclusion, the implementation of CSR by BUMN not only improves community welfare and supports the sustainability of MSMEs, but also requires regulatory adjustments to achieve better social justice.

**Keywords** : Reconstruction, Regulation, CSR (Corporate Social Responsibility), MSMEs (Micro, Small and Medium Enterprises), Dignified Justice

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## 1. Introduction

CSR ( *Corporate Social Responsibility* ) is the commitment of a company or business world to contribute to sustainability economic development by pay attention to corporate social responsibility and emphasizing a balance between attention to economic, social and environmental aspects ( Morsing & Perrini , 2009). CSR has been implemented by a number of multinational and national companies in Indonesia. Generally, compliance in implementing CSR is associated with *Community Development programs* and within the framework of sustainable development. In Indonesia, the term CSR (Corporate Social Responsibility) has become increasingly popular in use since the 1990s ( MA Prasetyo et al., nd ) . Several companies have actually been carrying out CSA (Corporate Social Activity) or "corporate social activities" for a long time. Even though we don't call it CSR, in fact the action is close to the concept of CSR, which represents a form of company "participation" and "concern" for social and environmental aspects. The power held by

consultants throughout Indonesian society are occupied, not only by representatives of Indonesian regions, but also representatives of all Indonesian groups or people, who are freely elected by the people who have the most votes ( Marzuki & Sitompul , 2020) .

Awareness of environmental protection in Indonesia has increased significantly. Many companies have used their profits to participate in social activities , social responsibility not only attract public attention but also ensures the company's long-term survival. Companies that carry out CSR will attract sympathy from the community, so that people will be loyal to the company ( Siregar et al., 2013 ). So that the company's profitability can increase and the company can survive longer.

In the current atmosphere of the life of a nation in a state, especially in Indonesia, the culture of shame has not yet become a measure or principle that is used as a guide in carrying out activities in the form of public leadership or activities that are capable of becoming role models among society in general, so it is difficult to find figures or figures who can be emulated ( Sulistyawaty & Purba , 2018 ).

However, in implementing corporate social responsibility programs by companies, there are still many companies that do not comply with the principles of CSR and community empowerment. So the CSR program only provides aspects of community needs, but does not touch aspects of community awareness in developing business.

A joint venture agreement can generally be known as a partnership between foreign investors and domestic investors based on an agreement, or contract between two or more companies to form a new company which is then known as a joint venture (Leonard et al., 2020).

The birth of Corporate Social Responsibility (Russ & Perrini , 2010) was a response to Article 33 of the 1945 Constitution of the Unitary State of the Republic of Indonesia, which is the base for the English economic system. Based on the provisions of Article 33 paragraph (1) of the 1945 Constitution of the Unitary State of the Republic of Indonesia, "The economy is structured as a joint venture based on the principle of kinship". Article 33 paragraph (4) of the Constitution of the Unitary State of the Republic. The concept of Corporate Social Responsibility (CSR) was first introduced in 1953 by Howard Bowen in his book entitled "Social Responsibility of the Businessman". Through his work, Howard Bowen was given the title of Father of CSR. (Leonard et al., 2019) This title was given considering that he was a developer and thinker of the CSR concept.

According to ( Widjaja & Pratama , 2008) Limited Liability Company environmental social responsibility or corporate social responsibility (CSR) is a form of company concern for its environment. According to (Porter & Kramer, 2017) Companies should care about their environment so that good relationships are created between the company and the surrounding community.

According to ( Muilenburg & Berge, 2005) State-Owned Enterprises, hereinafter referred to as BUMN, are business entities which have all or most of their capital owned by the State through direct participation originating from separated State assets, having a role as pioneers and/or trailblazers. in business sectors that are not yet of interest to the private sector in an effort to realize the greatest prosperity of the people. Apart from that, BUMN also has a strategic role as implementing public services, balancing the forces of large private sectors, and helping to develop small businesses/cooperatives (Spence, 2007 ). BUMN is also a significant one source of state revenue in the form of various types of taxes, dividends and privatization proceeds ( Perrini , 2006 ) .

A limited liability company, hereafter referred to as Persero , is a state-owned company in the form of a limited liability company whose capital is divided into shares, all of which or at least 51% (fifty one percent) of the shares are owned by the Republic of Indonesia whose main objective is to pursue profits.

The implementation of Corporate Social Responsibility (CSR) itself actually aiming to strengthen the company by building cooperation between stakeholders which is facilitated by the company concerned by preparing development programs for the surrounding community ( Kotler & Lee, 2017 ). Apart from that, the implementation of Corporate Social Responsibility (CSR) helps companies to adapt to their

environment, communities and stakeholders related to the company, both locally, nationally and globally, because the future development of Corporate Social Responsibility (CSR) refers to the concept of sustainable development. ( sustainable development) (Suharto, 2018 ). Limited government funding for development in various sectors is one of the reasons that the role of loyalty and cooperation between government and companies is very necessary (McWilliams & Siegel, 2001 ). In 2021, the Ministry of BUMN will review and revoke the regulations regarding the State-owned Enterprises Partnership Program and Environmental Development Programs mentioned above. This is done in order to optimize the implementation of guidance and assistance programs for entrepreneurs from economically weak groups, and to develop communities around BUMN that are oriented towards achieving more integrated sustainable goals (T. Prasetyo , 2005).

According to (Smith, 1984) In general, the characteristics of MSMEs are independent management, self-provided capital, local marketing areas, small company assets, and a limited number of employees employed. The principles of implementing MSMEs are togetherness, a democratic economy, independence, balanced progress, sustainability, efficiency, justice, and national economic unity. Types of small and medium businesses are spread across various business units, such as agriculture, trade, processing industry, communications and transportation, buildings, finance and electricity and gas and clean water. The number of small businesses is very large, but the combined turnover of the total number is not comparable to the turnover of one national scale company ( Khuana , 2018 ). Including small and medium businesses which consist of all small and medium traders, small and medium service providers, small and medium farmer and breeders, folk crafts and small industries, and so on. For example, stalls in villages, grocery stores, multi-business cooperatives, Village Unit Cooperatives (KUD), convenience stores, kiosk, chicken farming, and so on (McWilliams & Siegel, 2001) .

The main functions of MSMEs in driving the Indonesian economy are: First, MSMEs provide employment opportunities for millions of people who are not accommodated in the formal sectors. Second, MSMEs have a contribution to the formation of gross domestic product (GDP). Third, the MSME sector is a source of foreign exchange income for the country through exports of various types of products produced by this sector. MSMEs imply that there is great potential for domestic power, if this can be managed and developed well it will certainly create a strong business, but on the other hand, MSMEs are also still faced with fundamental problems which in general include: first, the difficulty of MSMEs access to market for the products produced. Second, business development and strengthening is still weak, third, limited access to financing sources from formal financial institutions, especially from banks and state-owned companies.

Every company is founded with the aim of achieving maximum profit or profits ( Subekti , 2020 ). For this reason, in order to generate profits, companies always try to look for opportunities and occasions to do something that can provide added value. If this cannot be controlled, there may be negative impacts that could harm the environment and society. This can happen, because in general companies still implement capitalism principles, in carrying out their activities, namely achieving maximum profits with minimum costs by using any means possible (Samuel, 2004)

Corporate Social Responsibility (CSR) is a company's effort to improve the quality of life of stakeholders. Stakeholders include owners, employees, suppliers/distributors, consumers, government, media and the wider community ( Widjaja & Primary , 2008 ) . Apart from that, the company is also responsible to the wider community who may or may not contribute economically to the company. This responsibility covers the human and social aspects of society which include aspects of the lives of many people, which concern: health, cleanliness, ethics, aesthetics and morals of the community.

## **2. Theoretical Overview of the Main Concepts**

Regulation is a set of rules or policies created to control or regulate the actions or behavior of a person, group, or organization in a particular field. The purpose of regulation can vary, for example to maintain security, health, the environment, or justice in a society, it can also be created by the government or other institutions to protect public interests or prevent detrimental practices (Rahardjo, 2017) .

Regulation is generally assumed to be acquired by a particular industry and designed and operated primarily for its own benefit.

There are two main categories in the regulation of a particular industry: (Sumantoro, 2019)

(1) Public-interest theories of regulation argue that regulation is introduced in response to public demand for the correction of inefficient or unfair market prices. They are designed primarily to provide protection and good for the general public.

(2) Interest-group or capture theories of regulation argue that regulation is provided in response to requests from special interest groups.

#### Definition of Reconstruction

According to the fourth edition of the Great Dictionary of the Indonesian Language, construction is the arrangement and relationship of words in a sentence or group of words. The meaning of a word is determined by the construction in a sentence or group of words (Bahasa, 2006) . According to (Suwandi, 2019) what is meant by construction meaning is the meaning contained in linguistic construction.

The word construction is actually a concept that is quite difficult to understand and agree on, the word construction has various interpretations, cannot be defined singly, and is very dependent on the context. Several definitions of construction based on the context need to be distinguished on the basis of: process, building, activity, language and planning (Abdul Halim Barakatullah, 2007) .

From the several descriptions above, the definition of the meaning of construction in the context of its relationship with this research has the meaning of a form, procedure or more broadly, patterns of relationships that exist in a system that forms a work process in this case the process of planning regional regulations.

Renewal or reconstruction in terminology has various meanings, in national development planning it is often known as reconstruction. Reconstruction has the meaning that "re" means renewal while 'construction' as explained above means a system or form.

#### Definition of BUMN

State-owned enterprises or State-Owned Enterprises (BUMN) have been known since before the proclamation of the independence of the Republic of Indonesia. The government established several BUMNs with the aim of filling the void left by the Dutch (Priambodo, 2020) .

The term BUMN was only known since the issuance of Government Regulation (PP) Number 3 of 1983 concerning Procedures for Guidance and Supervision of State-Owned Companies (Perjan), Public Companies (Perum), and Limited Liability Companies (Persero),<sup>1</sup> then this PP was revoked with the enactment of PP Number 13 of 1998 concerning Public Companies (Perum).

#### Understanding Corporate Social Responsibility

According to (Isa Wahyudi and Busyra Azheri, 2018) "*CSR is about how companies manage the business processes to produce an overall positive impact to society*". This definition is basically based on the philosophy of how to manage a company, either partially or wholly, to have a positive impact on itself and its environment. For this reason, companies must be able to manage their business operations by producing products that are positively oriented towards society and the environment (Kotler & Lee, 2017) . Meanwhile, Ghana defines CSR as follows: "*CSR is about capacity building for sustainable livelihood. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government*".

What is actually expected from the implementation of CSR? In addition to empowering the community, from the company's perspective, it is clear that operations run smoothly without disruption (Wibisono, 2021) . If the relationship between the company and the community is not friendly, there is certainly a problem. The implementation of the CSR program has not been fully accepted by the community. This is

due to the lack of company attention to the implementation of CSR.

Etymologically, the definition of *Corporate Social Responsibility* can be interpreted as the Company's Social Responsibility. The definition of *Corporate Social Responsibility* or Corporate Social Responsibility can be seen in article 1 point 3 of the UUPT which states that Social and Environmental Responsibility is the Company's commitment to participate in sustainable economic development in order to improve the quality, life and environment that are beneficial, both for the Company itself, the local community, and society in general (Rahman, 2018) .

The objectives and benefits of implementing *Corporate Social Responsibility* state that implementing *Corporate Social Responsibility* has improved the company's reputation. A good reputation makes it easier for companies to recruit qualified and reputable employees. Employees are more comfortable working in companies that implement Corporate Social Responsibility so that companies can reduce costs that arise from having to recruit new employees and provide training for new employees, and so on.

Business or can be called entrepreneurship. The term entrepreneurship according to (Dharmawati, 2008) in his book *Entrepreneurship* is a creative act that builds *value* from something that does not exist. Entrepreneurship is a process of capturing and realizing an opportunity regardless of existing resources, and requires the courage to take calculated risks. According to *The American Heritage Dictionary* , an entrepreneur is defined as someone who organizes, operates and calculates risks for a profitable business. In this sense there is the word organize, what is organized. Likewise there is the word operate and calculate risk'. A business actor on a small scale, even in carrying out its activities, will always use various resources (Nitisusastro, 2016) . The resources of a business organization include human resources, financial, physical equipment, information and time.

### **3. Methodology**

The research used is normative juridical and empirical juridical. Study juridical normative is study law Which put law as a building system of norms. The norm system in question is regarding principles, norms, rules of law and regulations, agreements and doctrine (teaching). Data collection techniques in normative juridical legal research will be obtained through document studies and empirical juridical legal research in study This will be obtained through interviews. Study document that is gathered document And data Which is required in problem The research is then studied intensively so that it can support and add to it belief and evidence of an event. While interviews are a process of interaction and communication with do ask answers in a direct way between researchers and respondents to get information. The research materials include primary legal materials and secondary legal materials. Primary data and secondary data obtained in this research will be analyzed in a prescriptive and descriptive qualitative way that is general data about conception law Good form principles law, postulate US well US teaching (doctrine) And opinion for expert including Also public opinion Which arranged regularly as an arrangement of facts. Research analysis methods it uses deductive logic for normative juridical research and inductive logic for empirical juridical research. Deductive logic is a way of thinking starting from the understanding that something applies to the entire event or group/type, applies also to each element in the incident group/ type . While inductive logic is a method of thinking which departs from special/certain knowledge or fact facts Which nature individual Which assembled For withdrawn conclusion Which nature general.

### **4. Discussion**

#### **4.1 Regulation of Soe Social and Environmental Responsibility Towards Micro Small and Medium Enterprises (MSMEs)**

Regulations are binding rules, both in government and business. The function of regulation is to regulate the behavior of people involved in a community within certain limits. Regulations are designed through certain processes, where society or an institution agrees to be bound and follow the rules that have been made in order to achieve common goals. Usually, if someone violates these regulations, they will be subject to sanctions (Abdul Halim (Blessings of Allah , 2011)

Even though Perkebunan is a company that operates in the agro-business sector, especially palm oil, the distribution of funds from fostered partners are not only in the agricultural sector. Other sectors also receive attention and assistance from the company, but if you look at the distribution of locations, the locations receiving aid funds are in the area where the company operates.

CSR is very useful and useful for society which is a concrete manifestation of BUMN's presence for the country, generally with the assistance provided it can improve existing sectors in society (Source et al., 2019 ). Plantation through PTPN PEDULI" implements CSR programs divided into several sectors, namely Nature Conservation, for example planting mangrove forests, then for Educational training for children, Worship Facilities, Sports, while for Social activities such as mass circumcision, free cataract surgery related to society "The company's responsibilities include contributing to the economic prosperity of the community through partnership programs and environmental development. This company's social responsibility towards society is called Corporate Social Responsibility (CSR).

Corporate Social Responsibility (CSR) is the commitment of a company or business world to contribute to sustainability economic development by pay attention to corporate social responsibility and emphasizing a balance between attention to economic, social and environmental aspects. The practice of corporate social philanthropy is currently experiencing rapid development in line with the development of the concept of Corporate Social Responsibility. This is related to the world's mandate note only to seek profit, but also to act ethically and play a role in creating *social investment* ( Nurhidayah & Ni'am , 2022 ).

Regulations on social and environmental responsibility (TJSL) of State-Owned Enterprises (BUMN) for Micro, Small and Medium Enterprises (MSMEs) aim to create profitable synergies between BUMN and MSMEs, thereby improving community welfare and preserving the environment. One important aspect of this regulation is financial support, where State-owned Enterprises provides low interest loans, grants, or direct investment to MSMEs to help them get the necessary capital ( Asnawi , 2011 ). In addition, State-owned Enterprises is required to organize training and capacity development programs for MSMEs, which include financial management, marketing, information technology and product innovation, in order to increase their competitiveness and productivity (Hsu & Wang, 2022 ).

This regulation also encourages strategic partnerships and collaboration between BUMN and MSMEs, such as in the supply chain and distribution, so that MSMEs can expand their markets. BUMN also shares technology and innovation with MSMEs through technology transfer and access to research and development facilities (Friedman, 2018 ). Infrastructure and logistics support is also part of this regulation, where State-owned Enterprises help MSMEs overcome infrastructure and logistics obstacles to increase their production and distribution capacity. In addition, BUMN provides guidance to MSMEs on sustainable and environmentally friendly business practices, ensuring compliance with social and environmental standards ( Wahyudi & Azheri , 2019 ). Monitoring and evaluation are also required in this TJSL regulation, with BUMN compiling regular reports on the impact of the TJSL program on the welfare of MSMEs and the environment. Overall, the TJSL BUMN regulations for MSME players aim to create mutually beneficial relationships, improve the welfare of MSMEs, and contribute to inclusive and sustainable economic development ( Heriyanti , 2019 ).

#### **4.2 Reconstruction of State-owned Enterprises Social and Environmental Responsibility Regulations Based on Justice with Dignity Improves the Welfare of Small and Medium Enterprises.**

The BUMN CSR concept is based on the Pancasila Justice Values and the 1945 Constitution. The social, economic conditions and understanding of developed countries regarding the implementation of the concept of Corporate Social Responsibility are more supportive than developing countries, including Indonesia. This can be understood because the implementation of Corporate Social Responsibility is closely related to financial capabilities. The concept of Corporate Social Responsibility has actually been circulating and discussed for quite a long time in developing countries in the 1980-1990s. The implementation of the Earth Summit in Rio With Janeiro became a new chapter in the implementation of Corporate Social Responsibility in the world. After that, the push for implementing Corporate Social Responsibility in European and American countries have advanced and are worthy of emulation (Khan &

Niazi, 2022).

The regulation and implementation of Corporate Social Responsibility (CSR) of State-Owned Plantation Enterprises in Indonesia cannot be separated from the meaning of Pancasila itself which is the philosophical basis. The Indonesian economic system is based on family and economic democracy ( Khuana , 2018 ). In the constitution, the principle of Corporate Social Responsibility is related to the aims and objectives of the nation and state as stated in the preamble to the 1945 Constitution of the Republic of Indonesia which confirms that, " The Government of the State of Indonesia protect the all English nation and its

entire nation. Indonesian blood and to advance general welfare, educate the nation's life, and participate in implementing world order based on independence, eternal peace and social justice.

Talking about justice, if you look closely before the obligations in Corporate Social Responsibility were regulated in Law Number 40 of 2007 concerning Limited Liability Companies, TAP MPR No. IX/MPR/2001 concerning Agaria Reform first saw that injustice and damage had occurred in the management of Natural Resources. "that the People's Consultative Assembly of the Republic of Indonesia has a constitutional duty to determine the direction and basis for national development which can address various problems of poverty, inequality and socio-economic injustice of the people as well as damage to natural resources;"

In the past, companies have practiced natural resource management that paid little attention to the surroundings environment, so this condition has become a spirit for the government to require companies to carry out environmental social responsibility (CSR) ( Kok & McDonald's, 2022 ). Mukti Dawn ND said: There is a lot of evidence in the last decade and testimonies of human rights violations, as a result of company operations, especially MNCs. Some of these are human rights violations in India by Enron Corporation, Shell, Mobil, and several international oil companies operating in Nigeria, as well as Unocal and Freeport- MmcMoran which are being sued by Burmese and English citizens, for violating the human rights of local communities ( Lako , 2019 ).

The fact of injustice is one of the important foundations for the birth of mandatory CSR, there is an increasingly open gap between prosperity and poverty, both at the global and national levels, therefore, companies need to have awareness that CSR must be a commitment and concerned to take part in reducing suffering. humanity (Leonard et al., 2019).

Corporate social responsibility (CSR) carried out by companies is actually a form of concern for the surrounding community, investment for the company and at the same time as a commitment to supporting the creation of sustainable growth and development (sustainability development) in the social environment. However, ironically, several plantation companies carry out Corporate Social Responsibility (CSR) activities after there are discomfort/conflict with local communities, because local communities are always disadvantaged by various plantation company activities.

Reconstructing social and environmental responsibility (TJSL) regulations for State-Owned Enterprises (BUMN) based on recognized justice is a strategic step that can bring significant changes in improving the welfare of Small and Medium Enterprises (SMEs). Dignified justice refers to the principles of fair, equitable and respectful treatment of human dignity, as well as ensuring that the basic rights of every individual are respected and fulfilled ( Manurung , 2018 ). In the context of BUMN TJSL, this means that the policies and designed programs must not only focus on achieving the company's economic goals, but also on efforts to provide maximum benefits for the wider community, especially SMEs which are often at a disadvantage in the business ecosystem ( Marzuki & Sitompul , 2020).

To achieve this, State-owned Enterprises needs to increase transparency and accountability at every stage of implementing the TJSL program. The planning and implementation process must involve active participation from SMEs. BUMN can organize consultation forums, open dialogue and feedback mechanisms that enable SMEs to express their needs, aspirations and challenges they face. In this way, the TJSL program designed will be more relevant and in line with real conditions in the field. Apart from

that, transparency in program implementation will also build trust and increase the credibility of BUMN in the eyes of the public ( Nitisusastro , 2019 ).

Active participation of SMEs in the BUMN TJSL program can also be realized through providing training and capacity development. BUMN can collaborate with educational and training institutions to organize skills improvement programs tailored to market needs and technological developments. Apart from that, BUMN can also provide access to the latest technology and innovations that can help SMEs increase their productivity and competitiveness. Financial assistance in the form of low interest loans or grants can also be provided to SMEs that need capital to develop their businesses ( Pakpahan et al., nd ).

Not only that, BUMN can act as a mentor or companion for SMEs in running their business. By providing business guidance and advice, BUMN can help SMEs overcome the various challenges they face, such as financial management, marketing and product development. This assistance will help SMEs become more independent and highly competitive.

Next, the reconstruction of BUMN TJSL regulation based on dignified justice could also include the development of networks and strategic partnerships between BUMN and SMEs. BUMN can help SMEs to expand their markets by opening access to wider distribution and marketing networks, both at the national and international levels. This partnership will not only provide economic benefits for SMEs, but also strengthen BUMN's position as a company that cares about and is responsible for the development of local communities.

Overall, the reconstruction of BUMN TJSL regulations based on recognized justice will not only improve the welfare of SMEs, but also create a more inclusive and sustainable business environment. By ensuring that every TJSL policy and program is implemented with due regard for the principles of justice and respect for humans dignity, BUMN can become a driving force for positive social change, create strong synergy between the business sector and society, and build a solid foundation for strong economic growth. sustainable and fair.

## **5. Synopsis of the Main Research Outcomes**

This research investigates how social responsibility regulations imposed on State-Owned Enterprises (BUMN) in Indonesia impact Small and Medium Enterprises (SMEs), with a focus on the concept of respectful justice. This study explores whether these regulations contribute to the fair and equitable treatment of SMEs and how they align with the principles of justice and fairness in the business environment.

**Regulatory Impact on SMEs:** The research reveals that the social responsibility regulations applied to BUMN companies have a mixed impact on SMEs. While some regulations promote support for SMEs through initiatives like partnerships and local sourcing, others inadvertently create barriers due to strict compliance requirements and lack of clarity in the regulations.

**Dignified Justice Perspective:** From the perspective of distinguished justice, the study finds that the regulations aim to ensure fair treatment and inclusivity for SMEs. However, there are gaps in implementation and enforcement that undermine these goals. Many SMEs perceive the support from BUMN companies as inconsistent and influenced by favoritism, which affects their sense of justice and equity.

**Challenges Faced by SMEs:** SMEs face several challenges, including bureaucratic red tape, limited access to information, and inadequate support mechanisms. These challenges hinder their ability to fully benefit from the social responsibility initiatives of BUMN companies, leading to feelings of marginalization and injustice.

**Recommendations for Improvement:** The research suggests several recommendations to enhance the effectiveness of social responsibility regulations and align them with identified justice principles. These include simplifying regulatory procedures, increasing transparency in decision-making processes, and providing better support and resources for SMEs to engage with BUMN companies.



Future Directions: The study highlights the need for ongoing evaluation and refinement of social responsibility regulations to ensure they meet the evolving needs of SMEs. It also calls for further research into the specific mechanisms through which BUMN companies can better support SMEs in a manner that upholds the principles of fairness and dignity.

Overall, while social responsibility regulations have the potential to positively impact SMEs, there is a need for improvements in implementation and support mechanisms to truly achieve distinguished justice. Addressing these issues can help create a more equitable and supportive environment for SMEs, contributing to their growth and sustainability.

## **6. Conclusion**

Regulations are designed through certain processes, where society or an institution agree to be bound and follow the rules that have been made in order to achieve common goals. If you violate these regulations you will be subject to sanctions. Corporate Social Responsibility (CSR) is the commitment of a company or business world to contribute to sustainable economic development by paying attention to corporate social responsibility and emphasizing a balance between attention to economic, social and environmental aspects. Reconstructing social and environmental responsibility (TJSL) regulations for State-Owned Enterprises (BUMN) based on recognized justice is a strategic step that can bring significant changes in improving the welfare of Small and Medium Enterprises (SMEs). Dignified justice refers to the principles of fair, equitable and respectful treatment of human dignity, as well as ensuring that the basic rights of every individual are respected and fulfilled. Corporate social responsibility (CSR) carried out by companies are actually a form of concern for the surrounding community, investment for the company and at the same time US a commitment to supporting the creation of sustainable growth and development (sustainability development) in the social environment.

## **7. Limitations, Implications, and Further Directions of Research**

The research primarily focuses on the regulatory environment in Indonesia and the interactions between BUMN companies and SMEs within this specific context. This limits the generalizability of the findings to other countries or different types of businesses. Data Availability and Quality: Data collection was dependent on available reports and interviews, which may have been subject to biases or incomplete information. Limited access to detailed internal documents from BUMN companies and SMEs could have affected the depth of the analysis. The study captures a snapshot of the situation at a specific time. Regulatory landscapes and business environments can change rapidly, so the findings may not fully reflect future developments or adaptations in social responsibility practices.

The concept of recognized justice is subjective and may vary based on individual perspectives and interpretations. This can lead to varying perceptions of what constitutes fair treatment and how effectively it is being achieved. The research predominantly addresses the impact of regulatory frameworks without delving deeply into other external factors such as economic conditions, technological advances, or political influences that could also affect the relationship between BUMN companies and SMEs.

The findings suggest a need for policymakers to revise and simplify social responsibility regulations to better support SMEs. Clearer guidelines and more transparent processes could enhance the effectiveness of these regulations and ensure a fairer distribution of benefits. For BUMN companies, the research highlights the importance of implementing socially responsible practices that are genuinely supportive of SMEs. This includes fostering transparent relationships, providing clear communication, and ensuring equitable opportunities for collaboration. The study underscores the need for stronger advocacy and support mechanisms for SMEs. Trade associations and SME networks can play a crucial role in voicing concerns and facilitating better engagement with BUMN companies.

Effective enforcement mechanisms are essential to ensure that social responsibility regulations are not just theoretical but are actively implemented. This involves regular monitoring and assessment to address any issues of unfair treatment or non-compliance.

Future research could benefit from comparative studies that examine how social responsibility regulations impact SMEs in different countries or regions. This would provide a broader understanding of how various regulatory environments affect SME outcomes. Conducting longitudinal studies could offer insights into how changes in social responsibility regulations and business practices evolve over time and their long-term effects on SMEs. In-Depth Case Studies: Detailed case studies of specific BUMN companies and SMEs could provide a deeper understanding of the practical challenges and successes in implementing social responsibility initiatives. Broader Factors Examination: Further research could explore other factors influencing the effectiveness of social responsibility regulations, such as economic conditions, technological advances, and political climates. This would help in creating a more comprehensive view of the factors affecting SMEs.

Developing robust metrics and frameworks to measure the actual impact of social responsibility regulations on SMEs can enhance the ability to assess and refine these regulations effectively. By addressing these limitations and exploring these further research directions, the understanding of social responsibility regulations and their effects on SMEs can be significantly deepened, leading to more effective policies and practices.

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