

What responsibilities does the limited liability business have to the environment?

Reni Anggriani^{1*}

¹Private Law, Universitas Muhammadiyah Yogyakarta, Yogyakarta, Indonesia

Abstract. Economic development is very dependent on the parties involved in implementing the economy. Accordingly, the state is needed as a regulator or constitution maker in a country. An effort to the economic development of the community is through business. One of the business forms chosen by the community with a legal entity is a Limited Liability Company, which is regulated in Law Number 40 of 2007 concerning Limited Liability Companies. In running its business, a Limited Liability Company does not only think about the benefits of a Limited Liability Company but also must pay attention to the surrounding environment. The extent to which a Limited Liability Company cares about the surrounding environment. This research was conducted normatively, using applicable laws and regulations. This research aims to determine the social responsibility of a Limited Liability Company to the surrounding environment based on laws and regulations. Social and environmental responsibility has been regulated in Chapter V Article 74 of Law No. 40 of 2007 concerning the Company, and social and environmental responsibility, as referred to in Article 2, is an obligation for the Company that carries out its business activities in the field of and/or related to natural resources based on the Law, has been affirmed in Government Regulation Number 47 of 2012, about Social and Environmental Responsibility Limited Liability Company, and Limited Liability Company will get sanctions if it violates these regulations.

1 Introduction

Economic development depends on many factors, including business actors or businesses. Businesses are considered the most profitable form of a business entity, while business actors are a business entity in the form of a legal entity. Legal entities in Indonesia include Limited Liability Companies. It aims to seek profits as regulated in Law Number 40 of 2007 concerning Limited Liability Companies.

Limited Liability Company, as a legal entity engaged in the business or commercial sector, must not forget its obligation to participate in social responsibility to the local community. This social responsibility has also been

* Corresponding author: anggriani@umy.ac.id

regulated in Law Number 40 of 2007 concerning Limited Liability Companies in Article 1 point 3 of Law Number 40 of 2007 concerning Limited Liability Companies as follows: "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 benefit the Company itself, the local community, as well as society in general."

However, not all Limited Liability Companies carry out what is mandated by laws and regulations. Many problems occur when a Limited Liability Company actions are not in accordance with the license given, for example producing excessive amounts of industrial waste or unstandardized processing which should be handled by a Limited Liability Company as an implementation of the obligation to carry out CSR, and Limited Liability Company as a business actor. Therefore, a limited liability company should comply with every legal provision in running its business sector, including the implementation of *Corporate Social Responsibility* (CSR) [1].

2 Limited Liability Company

Limited Liability Company is declared a legal entity in the civil system as a stand-alone and permanent legal entity. According to several corporate theories, the most common is the fictitious theory that a company acts independently, meaning it can act as a Limited Liability Company itself or as a legal subject.

Based on Law Number 40 of 2007, Article 1 paragraph (1), a Limited Liability Company is a legal entity established by agreement, operating with authorized capital fully divided into shares, and meeting specified requirements, defined as a corporation. The main purpose of an enterprise or business is to increase profits. However, when the business violates moral principles and ethical values that make the company unproductive, even if it tends to lead to inefficiencies, it must be avoided at all cost.

A Limited Liability Company is a legal entity formed under an agreement consisting of shares [2] and made by Notarial Deed. Limited Liability Company is a legal entity [3] to seek profit or commercial. Limited Liability Companies, in carrying out their business, must also pay attention to the surrounding environment as stated in Article 74 paragraph (1) of Law Number 40 of 2007 concerning the Company "Companies that carry out their business activities in the field and/or related to natural resources are obliged to carry out Social and Environmental Responsibility." (2) Social and Environmental Responsibility, as referred to in paragraph (1), is the Company's obligation, which is budgeted and calculated as the Company's costs whose implementation is carried out with due regard and fairness. (3) Companies that do not carry out their obligations as referred to in paragraph (1) shall be subject to sanctions in accordance with the provisions of laws and regulations. (4) Further provisions on Social and Environmental Responsibility shall be regulated by government regulations. The regulation of Article 74 is known as *Corporate Social Responsibility* (CSR).

3 Corporate Social Responsibility (CSR)

Social and Environmental Responsibility, according to Limited Liability Company Law Article 1 point 3, 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, both for the company itself, the local community, and society in

general. Social Responsibility can also be interpreted as the company's obligation to formulate policies, make decisions, and take actions that benefit society [4].

Social and Environmental Responsibility (CSR) is a translation or other word of *Corporate Social Responsibility* (CSR) [5]. CSR initiatives can be started and carried out in collaboration with all stakeholders [6][7][8], friendly organizational plan that seeks to protect a company's cultural assets [9] and CSR 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, both for the company itself, the local community, and society in general", meaning that the Company must play a role in the sustainable economy to improve the quality of life and environment of the company and the community around the company, and must be aware of environmental changes [10].

CSR obligations are regulated in Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 concerning the Social and Environmental Responsibility of Limited Liability Companies. Based on Article 2 of Government Regulation Number 47 of 2012 stipulates that every company as a legal subject has social and environmental responsibilities, and the Explanation of Article 2 of Government Regulation Number 47 of 2012 explains that basically every company as a form of human activity in the business sector, morally has the commitment to be responsible for the continued creation of a harmonious and balanced Company relationship with the environment and the local community in accordance with the values, norms, and culture of society.

CSR 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, both for the company itself, the local community, and society in general", meaning that the Company must play a role in the sustainable economy to improve the quality of life and environment of the company and the community around the company.

CSR obligations are not only regulated in Law Number 40 of 2007 concerning Limited Liability Companies but also regulated in Government Regulation Number 47 of 2012 concerning the Social and Environmental Responsibility of Limited Liability Companies. Based on Article 2 of Government Regulation Number 47 of 2012 stipulates that every company as a legal subject has social and environmental responsibilities, and the Explanation of Article 2 of Government Regulation Number 47 of 2012 explains that basically every company as a form of human activity in the business sector, morally has the commitment to be responsible for the continued creation of a harmonious and balanced Company relationship with the environment and the local community in accordance with the values, norms, and culture of society. In Indonesia, the concept of CSR is a legal obligation that companies must comply with, as stipulated in Article 74 paragraph (1) of Law Number 40 of 2007 concerning Limited Liability Companies.[11][12][13].

The form of CSR that can be done by the company given to the surrounding environment must be useful data directly from the surrounding community. People in the company environment will be able to feel the benefits of CSR if the CSR carried out by the company is really felt by the surrounding environment. and give economic effects and commercial impact are fundamental [14][15].

Social and Environmental Responsibility, according to Limited Liability Company Law Article 1 point 3, 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, both for the company itself, the local community, and society in general. Social Responsibility can also be interpreted as the company's

obligation to formulate policies, make decisions, and take actions that benefit society[16].

Corporate Social Responsibility (CSR) is a long-term element of a company's business strategy. Corporate Social Responsibility (CSR) is the mindset of organizations, especially companies, towards consumers, employees, shareholders, society, and the environment in all aspects of company operations, such as products and work safety. *Corporate Social Responsibility* aims to explain the part of corporate responsibility in achieving sustainable development goals so the concept of sustainable development becomes the basis for its foothold [17].

Corporate Social Responsibility (CSR) applies not only to the concept of financial support for the social environment but also to the non-discriminatory treatment of the company by employees and having a good relationship with suppliers. Corporate social responsibility is positive in improving people's welfare, reducing financial burdens, developing countries, increasing business investment, and strengthening partnership networks between communities, governments, and businesses. Corporate Social Responsibility (CSR) is an action taken by business people or stakeholders through socially responsible behavior toward the community that the concept of sustainable development becomes the basis for its foothold [17].

Corporate Social Responsibility (CSR) applies not only to the concept of financial support for the social environment but also to the non-discriminatory treatment of the company by employees and having a good relationship with suppliers. Corporate social responsibility is positive in improving people's welfare, reducing financial burdens, developing countries, increasing business investment, and strengthening partnership networks between communities, governments, and businesses. Corporate Social Responsibility (CSR) is an action taken by business people or stakeholders through socially responsible behavior toward the community [18], which must be studied and analyzed so as to be able to produce concrete legal norms or rules as a form of legal certainty or legal certainty and the research method is normative legal research, which uses a statute approach.

4 Discussion

As stipulated in Law Number 40 of 2007 Article 74 paragraph (1), CSR is an obligation for companies that can be interpreted that the Company must also care about its Environment. This is mainly engaged in natural resources. For example, in mining companies, there is an obligation to carry out waste treatment or tree planting programs in order to respond to damage caused by business operations carried out by the company, CSR regulated in Law Number 40 of 2007 concerning the Company does not conflict with the 1945 Constitution stated in the Constitutional Court Decision Number 53 / PUU-VI / 2008 on Law Number 40 of 2007 concerning Limited Liability Companies On April 15, 2009, the Constitutional Court ruling has upheld the company's obligation on CSR that must be carried out, as a form of concern for the environment.

Corporate Social Responsibility (CSR) is an approach by which companies integrate social care into their business operations and in their interactions with stakeholders[19] based on Principles of partnership and voluntariness [20]. The first of the important elements of corporate governance is the board of directors, which helps management make sure that the company's business is being effectively managed by its representatives [21][22], and the general public to improve the quality of life in ways that are beneficial, both for the continuity of the firm's business and for development[23].

Companies use CSR as an instruments for managing a variety of stakeholders [24][25], and Corporate Social Responsibility (CSR) is an action taken by business actors or stakeholders interests through socially appropriate behavior responsible to society[16] and Corporate social responsibility (CSR) is a strategy that demonstrates a company's regard for and accountability to its environment [26].

The company's competence to improve the quality of people's lives is expected to provide large and beneficial benefits. The first benefit of implementing Corporate Social Responsibility[27] activities can be in the form of reducing risks and accusations of inappropriate treatment received by the company. The second benefit of CSR implementation is that it serves as a protector and helps companies minimize adverse impacts caused by a crisis. The involvement and pride of employees consistently make efforts to help improve the welfare and quality of life of the community and surrounding environment and the existence of consistency will be able to improve and strengthen the relationship between the company and its stakeholders [16] and related to moral and ethical aspects[28].

The company's motivation when carrying out CSR is that there are three stages, namely: [29].

1. Corporate charity is a charitable encouragement based on religious motivation.
2. Corporate philanthropy is a humanitarian drive that usually comes from universal norms and ethics to help others and fight for social equality.
3. Corporate citizenship, namely civic motivation to realize social justice based on the principle of social involvement

Based on Article 2 of Government Regulation Number 47 of 2012 concerning Social Responsibility and Limited Liability Companies." Every Company as a legal subject has social and environmental responsibilities". One of the ways that companies carry out CSR is by planting trees and waste management, which is done to prevent damage to the surrounding environment that may occur due to the operations of companies in the surrounding environment, and CSR is able to be investigated to see if it will still be relevant in the near future as a concept that reflects the social expectations of each century[30].

5 Conclusion

CSR is an obligation that must be carried out by the Company as a form of concern for the surrounding environment. One way is by naming trees around the company and waste management to preserve nature in the company's environment. This obligation has been regulated in Article 74, paragraph (1) of Law Number 40 of 2007 concerning Limited Liability Companies. And if the company does not carry out its obligations as stipulated in Article 74 paragraph (1) of Law Number 40 of 2007, it will get sanctions from the Government.

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