



The Conceptual Framework of Corporate Social Responsibility for Indonesia: Learning Study of CSR in Vietnam

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ABSTRACT

This research attempts to analyze and discover the conceptual framework of CSR in Indonesia by studying CSR in Vietnam. Since 2007, Indonesia has been the first country in the world to pass legislation governing CSR performance. CSR is mandated and regulated in Indonesia by many laws, including legislation number 25 of 2007, law number 40 of 2007, and law number 19 of 2003. CSR was critical to adopt in the corporate sector. As the phenomena of corporate social responsibility (CSR) spreads internationally, the question of how the conceptual framework of CSR in developing nations should evolve emerges. Indonesia and Vietnam are emerging countries experiencing significant economic expansion, as well as sociological and technological difficulties, as a result of greater commercial activity in the free market period. The legal normative technique is used in this study. The conceptual approach, the statutory approach, and the sociological method were employed in this study. The multiple CSR legislation in Indonesia remain ambiguous in terms of defining and regulating CSR. As a result, the purpose of this research is to discover the conceptual framework of CSR in Indonesia by studying the conceptual framework of CSR in Vietnam. The conceptual framework consists of three distinct institutional level characteristics that may have an impact on the nature of CSR in Indonesia. Tradition, political governance, and modernism are examples of contextual influences. Furthermore, the researcher discovered that the Triple Bottom Line principle is used in the conceptual framework of CSR in Indonesia (profit, planet and people). However, Indonesia still has to understand Vietnam's CSR conceptual framework. This is a relatively new study, since previous studies focused on the implementation and regulation of CSR in Indonesia. This research will also look for the conceptual framework of CSR in Indonesia.

Keywords: *Corporate Social Responsibility (CSR); Conceptual Framework; International Recognized Business Standards; CSR in Vietnam; CSR in Indonesia*

1. INTRODUCTION

CSR was critical to adopt in the corporate sector. CSR must adhere to internationally accepted norms pertaining to responsible business conduct, with the goal of creating a decent corporate world and being accountable for business conduct. Firms engage in CSR activities for a variety of reasons. Many prior research [1] have investigated the reasons why corporations engage in CSR practice activities. As the phenomena of corporate social responsibility (CSR) spreads internationally, the question of how the conceptual framework of CSR in developing nations should evolve emerges. Indonesia and Vietnam are emerging countries experiencing significant economic expansion, as well as sociological and

technological difficulties, as a result of greater commercial activity in the free market period.

CSR in a global context, the notion of CSR or Social and Environmental Responsibility (TJSL) is quickly expanding. In the last four decades, there has been a growing interest in CSR experiential theories in analytical literature writing. CSR has become more significant as a result of social expectations for corporations [2]. The word CSR first appeared in the 1970s and grew in popularity, particularly following the emergence of John Ellington's idea of thinking, which was poured into the book "Cannibals with Forks: The Triple Bottom Line in 21st Century Business (1998)." CSR, according to this notion, is divided into three major components: profit, planet, and people (3P) [3]. This

principle explains that a corporation is deemed to be good if it is concerned with environmental sustainability (the planet) and community welfare in addition to profit (people). The duty for managing the firm has transferred from stakeholders (owners/shareholders) to stakeholders (owners, employees, government and the wider community).

CSR in developed countries such as in the United States, where CSR is only voluntary, this can actually work well. In that country there is a correlation between the company and the market. Companies that do not have concern for society and the environment by not carrying out CSR will surely be shunned by consumers and society in general. So this makes companies aware of the importance of carrying out CSR. With this voluntary system, CSR programs in developed countries can run well.

Whereas in developing countries, CSR is regulated in such a way in the law. As well as the regulation of CSR in Indonesia is stated in several laws. In Indonesia since 2007, precisely after the enactment of rule number 40 of 2007 concerning limited liability companies, it is explained that CSR is currently mandatory and no longer voluntary. From the existence of a special law on CSR that exists in several Indonesian regulations, of course there are several issues that must be considered. This problem is seen through the philosophy of CSR itself. Apart from that, in reality the company will be dealing with the community with different problems in each region.

The implementation of CSR itself is adjusted to the needs that exist in the country, for example in Indonesia the education sector is still need attention, so companies are asked to carry out CSR programs in the education sector. Likewise, with Vietnam, if in Vietnam the public health sector is lacking, then the CSR program is prioritized for health. If Indonesia implements the same CSR program as in Vietnam, it is definitely irrelevant [4].

The differences that occur in the implementation of CSR in developed and developing countries are also due to the different backgrounds in each country. In developed countries consumer rights are protected, and law enforcement is good. However, in developing countries, consumers are not fully protected, almost all laws have not functioned effectively, so it is still necessary for companies to be responsible to the community and the environment through CSR programs. The existence of CSR is to improve people's quality of life. CSR is the crucial to guarantee the financial benefits and social benefits. It is crucial to adjust corporate destinations with CSR activities. CSR implementation is related with future advancement, competitive preferences as well as modern business opportunities [1].

Indonesia and Vietnam are developing countries, and each has its own unique CSR conceptual framework. The

author, on the other hand, wishes to compare the conceptual frameworks for CSR in Vietnam and Indonesia. The lesson learned from the conceptual framework of CSR in Vietnam is then analyzed. As a result, the purpose of this research is to discover the conceptual framework of CSR in Indonesia by studying the conceptual framework of CSR in Vietnam. The conceptual framework consists of three distinct institutional level characteristics that may have an impact on the nature of CSR in Indonesia. Tradition, political governance, and modernism are examples of contextual influences. In addition to identifying the conceptual framework of CSR in Indonesia, this study will examine the CSR implementation in Indonesia that has occurred thus far. This article also lays a theoretical framework for future CSR discussions, focusing on the factors that influence CSR conceptualizations (CSR Thinking) and CSR implementation (CSR Doing) in Indonesia and Vietnam. This is a novel study, since previous studies focused on the implementation and regulation of CSR in Indonesia. This research will also look for the conceptual framework of CSR in Indonesia.

2. METHOD

This research uses the juridical normative method. Then conducted through legal approach/ statute approach (normative legal research), conceptual approach, and the sociological approach, both of concept and theory of law, as well as legislations related to regulation of CSR in Indonesia and Vietnam. Which and focuses on the process of developing a legal rule, as well as legal theories, in order to meet the legal challenges of CSR in Indonesia. This study's data sources are secondary. The information was acquired through library research and the analysis of legal papers. Primary legal materials, secondary legal materials, and tertiary legal resources are drawn from the literature.

The core legal sources are drawn from Indonesian and Vietnamese CSR rules. Secondary legal materials are those that are closely related to primary legal materials and are useful during the analysis process, such as: a. related scientific books; b. journals and related literature; c. the findings of related studies; and d. doctrines, opinions, and testimony from legal experts, both written and unwritten. Tertiary legal materials include dictionaries and encyclopaedias.

The comparative legal research technique was utilized in this research or study to analyze, compare, and discover the conceptual framework of CSR in Indonesia. Another strategy that is employed is the approach that is made to various rules or regulations linked to CSR and CSR implementation. This study's legal resources, which include primary, secondary, and tertiary materials, were obtained from a variety of libraries, as well as printed and electronic media.

Primary, secondary, and tertiary legal texts were utilised in this normative legal research. Documentary research was done to acquire these legal resources. A documentary study is an analysis of some papers connected to existing legal regulations or documents. The researcher used qualitative prescriptive analysis in this study, in which the researcher analyzes and provides interpretation or disclosure of the subject and object of the research.

3. RESULT AND DISCUSSION

3.1. An Overview of CSR Regulation

CSR is a corporation whose activity is based on corporate ethics, according to numerous philosophies. This ethical activity is defined as the formation of business goals that are not simply profit-oriented, but also socially conscious. Because CSR is represented of ethical and moral from the companies. CSR is a business activity which is based to the voluntary principle is not a legal obligation [5].

Some people believe that CSR should be made mandatory by law. Because CSR issues have reached a global scale, they are posing challenges to legitimacy and law enforcement [6]. As a result, CSR standards can and should be enforced as legitimate legal requirements under national private law [7]. provided two reasons why CSR should be governed by legislation based on its legal efficiency. First, without being ratified in a State's local legislation, there is no force from habit or voluntary. Second, the non-binding voluntary principle will have no discernible and quantifiable effect. Law is a function of CSR, and CSR is a function of law.

The debating on CSR must be made mandatory by law or not, some scholar has opinion on the important thing for why CSR must be regulated by government. This CSR are need to be regulated by the government because: (1) the state has the jurisdiction to control the corporation, and (2) arrangements are needed to define the definition of CSR ideas, implementation measures, and standards in the audit system, CSR must be governed by state law. Such arrangements, however, have the potential to stymie the CSR development process [8].

3.1.1. The Frame work and Regulation on CSR in Vietnam

In Vietnam there is no specific regulation on CSR (less regulated). Vietnam is currently applying the principle of less regulated policy-making regarding CSR that has been applied in developed countries. Developed countries such as the US, Japan, China, and South Korea, have the principle on how to make less regulation on CSR. Because if there are too many regulations, the business world will feel burdened by these regulations and even hinder the company's business activities and affect the profits they get. If the business or company is

targeted to continue to generate profits for the country, then it is better not to burden the company with these various regulations [9].

Nguyen and Truong have contributed to this understanding through a broad audit CSR writing to get it how the Vietnamese culture is forming CSR receiving prepare. In their investigation, the CSR affecting characteristics of Vietnamese culture incorporate tall collectivism, expansive control removes, direct instability shirking, direct manliness, and direct long-term introduction. In understanding with the authors' earlier investigation of connection between culture and recognition of CSR, these characteristics proposed that corporate managers' discernment toward CSR exercises is more likely to be negative [10].

3.1.2. The frame work and Regulation on CSR in Indonesia

CSR is governed in Indonesia by the Limited Liability Company Act of 2007 and the Capital Investment Act of 2007. "Every investor is obliged to carry out corporate social responsibility," according to article 15 b of Law No. 25 of 2007 on Capital Investment. According to the previous regulation, all companies in Indonesia are required to practice CSR. It doesn't matter what kind of business you have or where you want to go. Meanwhile, according to article 74 paragraph (1) of Law No. 40 of 2007 on Limited Liability Companies, "Any company that conducts business in the field of and/or related to natural resources is required to exercise social and environmental responsibility (CSR)."

Another problem with CSR regulation in Indonesia is the lack of sufficient technical legislation to serve as implementation guides. Government Regulation No. 47 of 2012 on Corporate Social Responsibility and Environment Limited was issued by the government. However, the rule does not specify how the corporation will apply CSR.

The CSR settings in law number 40 of 2007 and law number 25 of 2007 don't provide enough information. This creates a space for each organization to operate in accordance with the situations and circumstances that they are confronted with. This is in line with the theory of reflective law [8]. Reflexive law theory is a legal theory that describes how the law in complex societies can be used to effectively influence social change. Through comprehensive legislation, reflexive legal theory attempts to stifle society's richness and diversity. The goal of reflexive law theory is to influence behavioral patterns and promote self-control) [6].

3.2. Research Findings

3.2.1. The Conceptual Framework of CSR in Vietnam

Our study makes three significant theoretical advancements. First, by contextualizing institutional thinking in the Vietnamese context, our model addresses and overcomes the complexity and contradictions of institutional theory, which is regarded to be weak in explanatory ability of CSR-related events in Vietnam. [9].

Second, to describe the inherent complexity of context, we adopt a multilayer framework within the social context of CSR in our model. This can result in a greater knowledge of individual and organizational concepts, attitudes, and practices that may impact how CSR-related activities are perceived in Vietnam. This also leads to our third contribution: the in-depth knowledge of the relationships between the nature of

CSR and Vietnam's ancient philosophical origins, the growth and structure of the Vietnamese economy, and the country's evolving management systems provided by this study. Thus, this endeavor/effort provides as a strong foundation for future CSR talks in Vietnam, with an emphasis on criteria that explain CSR conceptualizations (CSR Thinking) and CSR implementation (CSR Doing) [2].

The above section highlights the background in which CSR has arisen in Vietnam. This section proposes a conceptual framework for explaining the nature of CSR in Vietnam (Fig. 1). In summary, this framework builds on the social context of CSR from Athanasopoulou study [1] He develops the model of Vietnamese management developed by Edwards and Phan (2014). By combining the two models into a single conceptual framework, it is possible to gain a clearer understanding of the nature of CSR in Vietnam [11].

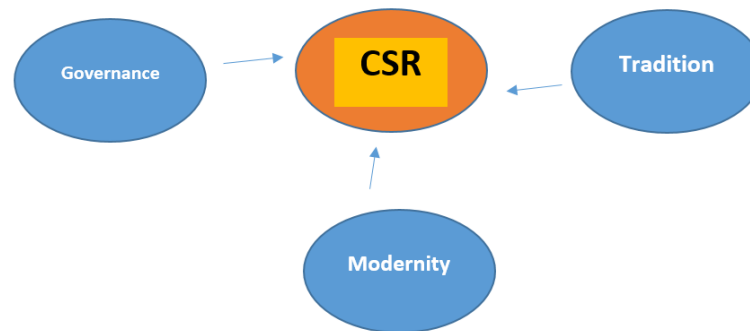


Figure 1 Concept

The model's initial component is the orange nucleus circle, which symbolizes the nature of CSR in Vietnam. Our model assumes that CSR is a dynamic process of sense-making, decision-making, and implementation, and that the mechanism governing how CSR is perceived, manifested, and executed inside a company is highly impacted by the social environment in which business works [11].

This logic holds that organizational entities exist in nested arrangements, and their actions are the result of contextual influences from multiple levels of social context [10]. However, definitions of social context and multilevel systems are notoriously wide and vague. This study specifically employs Athanasopoulou and Selsky's paradigm, in which the social environment is depicted in three tiers of rings encircling the core component, including the person level, organizational context, and external social context, to reinforce the conceptual underpinnings.

In this work, the depiction of context in our conceptual model demonstrates that processes of facilitation and resistance between components at different levels of context modify the nature of CSR. This

is because a certain social context level does not necessarily demand or encourage a corporation to adopt a specific CSR approach, and may potentially create hurdles in practice.

Tradition is defined as ethical views and ideals imprinted in a person from birth, resulting from religious and philosophical standards, as well as cultural values and customs [5]. Scholars have suggested that there was a long-standing ethical tradition with unique meanings of responsible business behavior before CSR migrated to a poor nation context [11].

Tradition, which is regarded as the country's essence, has an impact on how individuals of a society think and behave, hence we believe tradition is one of the primary determinants of the character of CSR in Vietnam. Tradition variables, according to our research, comprise crucial elements such as Confucian ideals, religious views.

Edwards and Phan described the effect of Confucianism in contemporary Vietnamese trade administration, where everyone is committed to developing themselves morally, demonstrating dutiful

devotion and dependability, and acting with benevolence towards their individual. According to Confucian teachings, this viewpoint suggests that numerous major Confucian principles pre-emptively affect CSR conceptualizations and implementation in Vietnam.

In Vietnamese tradition, familism and patriotism shape societal ideals and standards, and it is widely acknowledged that Vietnamese people are collectivists in general, and they are trained to strive for the nation's development. As a result, open generosity and group activities are popular in Vietnamese society [1].

(political) leadership Given the party-ongoing state's efforts to maintain its dominance, research that dismisses allusions to socialism as mere rhetoric would almost surely result in an inaccurate evaluation of the reality in Vietnam. Indeed, CSR holds the dividing line between the promotion of capitalism for economic progress and the threat of inequality and exploitation (also referred to by Baker as capitalism's Achilles heel in Blowfield and Murray). As a result, there is evidence that the party-state continues to adopt a variety of tactics to defend socialist values, which may impact the character of CSR in Vietnam during the present time of economic liberalization. Our study suggests that political governance forces are made up of three primary components: official political ideology, state administration, and legislation.

Modernity Since 1986, Vietnamese society has been rapidly changing, and the current development in technology is beginning to question the old concept of the business-society interaction. Our research reveals that modernity elements, such as the effects of globalization, may have had a substantial impact on the form of CSR in Vietnam. Fundamental adjustments in society's economic, ethical, political, and cultural characteristics may occur from continuous pressures such as the rise of internationalism, global environmentalism, market liberalization, and changes in social trends, technology, and education [9].

Meanwhile, in order to help coordinate with the global economy, the Vietnamese government has been obliged to take an interest in global CSR operations due to a request for more prominent regulation and monitoring of governments on trade self-interest practices internationally [5]. For example, in more recent exchange and venture understandings, particularly the Trans-Pacific Organization, Vietnam has committed to empowering endeavors working within its domain to intentionally incorporate CSR into their policies, and to effectively fill enactment gaps in compliance with global measures on issues related to labor rights and natural weakening [10]. These authoritative changes are anticipated to continuously encourage the improvement of CSR among businesses in Vietnam.

3.2.2. The Conceptual Framework of CSR in Indonesia

In Indonesia, the concept of CSR is inspired by sustainability development. Along with the development of the idea of sustainability development, the business world has begun to absorb the idea into their business policies, especially as an effort to sustain the benefits they can get. [12] According to Sukada the adoption of the principle of sustainability development then resulted in the idea of business sustainability or corporate sustainability which Environmental is an acknowledgment and integration of the goals of the business world with development goals. Sustainable the policy sees the company's potential role in sustainable development as follows [13].

Sustainable development for a company is adopting business strategies and activities that fulfill the needs of the organization and its stakeholders today while also conserving, maintaining, and enhancing human and natural resources that will be needed in the future.

The idea of sustainable development is what inspired John Elkington in his book "Cannibals with Forks: The Triple Bottom Line in 21st Century Business" resulting in the main principle of the Triple Bottom Line, namely a balanced relationship between profit, people, and planet in corporate management. Companies are required not only to pursue mere economic profit (Profit), but also have a concern for environmental sustainability (Planet) and community welfare (People) [14].

The principle of the Triple Bottom Line is what later the basis for the modern CSR concept became, the modern concept of CSR is considered as grounding the big idea of "sustainable development". The long history that brings together the concepts and practices of CSR which is a time-line summarized by Loew to Jalal in the Relationship of Sustainable Development and CSR [13]

3.2.3. What Kind of Conceptual Framework that Indonesia Can Learn from Vietnam

In Vietnam, the conceptual framework of CSR begins with the assumption that CSR is a dynamic handle of sense making, decision-making, and execution, and that the component deciding how CSR is understood/caught on, demonstrated, and executed within an organization is strongly influenced by the social environment in which business operates. In substance, the logic for this thinking is that organizational substances live in fixed courses of activity, and their behaviors are the results of relevant affects emanating from various levels of social context. Regardless, the concepts of social context and its multiple frameworks are broad and ambiguous. As a result, this consideration expressly modifies Athanasopoulou and Selsky's demonstration in which the social setting is addressed within the three layers of circles by adjusting the center component, specifically the person level,

organizational setting, and outside social setting, to reinforce the conceptual establishments.

Indonesia can learn is from the concept of **modernity** that was implemented in Vietnam, this concept emphasizes globalization. This might be caused by continuous causes such as the rise of internationalism, global environmentalism, market liberalization, and changes in social trends, technology, and education. The Vietnamese government also has the spirit to handle CSR and want to make greater regulation and supervision on CSR.

4. CONCLUSION

Indonesia and Vietnam are developing countries. Whereas in developing countries, CSR is regulated in such a way in the law. But Vietnam doesn't have regulation on CSR specifically, because Vietnam try to be less regulated on CSR matter. Bu in Indonesia CSR are regulated in more than three laws, such as law number 25 of 2007, Law number 40 of 2007 and Law number 19 of 2003.

In developed country CSR are just voluntary not obligatory, this is because of the background itself. The enforcement law in developed country is very good. But especially for CSR doesn't need Regulation, because the market system is already run well. If the Companies that do not have concern for society and the environment by not carrying out CSR will surely be shunned by consumers and society in general. So this makes companies aware of the importance of carrying out CSR. With this voluntary system.

Every country they have their own character or conceptual framework of CSR, and then not all the CSR conceptual framework that implemented in their country can be implemented in other country. Like the conceptual framework of CSR in Vietnam can't be implemented in Indonesia because Indonesia has their own cultural values.

Finding the conceptual framework of CSR in Indonesia, which Indonesia may learn from the notion of modernity that was applied in Vietnam, stresses globalization. This might be caused by continuous causes such as the rise of internationalism, global environmentalism, market liberalization, and changes in social trends, technology, and education. The Vietnamese government is likewise interested in CSR and wants to increase CSR legislation and oversight.

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