



Moving Forward: Regulatory Revolution of Corporate Social Responsibility in the Energy and Mining Sector in West Kalimantan

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Abstract. In recent years, environmental concerns and social impacts related to the energy and mining industries have increasingly captured public attention. In West Kalimantan, communities and the government face significant challenges in achieving a balance between sustainable economic growth, environmental protection, and social well-being. Despite the existence of laws and regulations regarding Corporate Social Responsibility (CSR), there remain several implementation challenges. Some of the identified challenges include a lack of community understanding and awareness of their rights, insufficient coordination between local government and companies, and the need for more effective monitoring and law enforcement mechanisms. This study adopts a normative legal research approach to analyze legislation concerning CSR in the energy and mining sectors of West Kalimantan. The collected data encompasses laws, government regulations, policies, and court decisions relevant to CSR. The analysis aims to identify legal norms governing CSR, assess the consistency, clarity, and adequacy of existing regulations, and propose potential improvements or changes. The study's findings indicate the existence of significant regulations pertaining to CSR in the energy and mining sectors of West Kalimantan. Laws, government regulations, and policies have addressed corporate responsibility in areas such as environmental management, community participation, and sustainable development. However, there are also weaknesses in the existing regulations, such as a lack of clarity regarding responsibilities and sanctions.

Keywords: Corporate Social Responsibility, Environmental Concerns, Sustainable Economic Growth.

1 Introduction

In recent years, the mining industry has received special attention from world governments, including the Government of Indonesia. As for special attention related to the mining industry in Indonesia, apart from providing a lot of income for the country, it is also considered the sector that causes the most environmental damage. Various unsustainable mining activities cause environmental damage caused by the mining

industry, so they only focus on profit solely without regard to ecological life around the mine.

The environmental damage that occurs due to the mining sector can damage the environment, such as forests, rivers, springs, and the sea. Damage caused by mining activities can also cause further disasters such as landslides, loss of flora and fauna around mines, clean water crises, and starvation [1]. In addition, mining activities can also cause global warming or an increase in geothermal energy due to land acquisition which ultimately results in deforestation [2].

Based on some of the potential impacts that can be generated through the mining sector, regulations regarding corporate social responsibility are formed. Based on the Limited Liability Company Law, corporate social responsibility is the Company's promise to contribute to sustainable economic development to improve the quality of life and the environment that benefits the Company, the local community, and society. Therefore, Article 74, paragraph (1) of the Company Law explains that corporate social responsibility is the obligation of companies whose business activities are in the natural resources sector.

Referring to Article 74 paragraph (1) of the Company Law, related to social responsibility obligations, is reaffirmed in Article 4 PP No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies in which social responsibility is assigned to the company's directors. Furthermore, the rules regarding social responsibility obligations in mining companies are carried out by the company's directors by making an annual work plan which, in its preparation up to the implementation stage of the work plan elements, comply with decency and fairness.

As for the province of West Kalimantan, in 2022, according to data from the Special Committee for Corporate Social Responsibility Team of the Regional Representatives Council of West Kalimantan Province, there will be 526 mining companies. Based on the data obtained from the Corporate Social Responsibility Special Committee Team, only 12 companies reported that they were related to the implemented social responsibility programs [3]. Meanwhile, a total of 514 mining companies have yet to report.

Reporting and fulfillment related to social responsibility is an obligation that must be carried out by companies engaged in the field of natural resources. This is also emphasized in Article 5 paragraph (1) of West Kalimantan Provincial Regulation No. 4 of 2016 concerning the Management of Corporate Social Responsibility (CSR) in the Province of West Kalimantan, where companies as program partners are required to fulfill and carry out social responsibility. Based on the Limited Liability Company Law, government regulations related to social responsibility and West Kalimantan regional regulations related to corporate social responsibility are still not running optimally, especially the social responsibility of mining companies located in the area.

Social responsibility problems that have not been effectively carried out are caused by weak supervision by the state of mining companies. There is no synergy between companies and regions where the mining business is carried out, as well as other factors such as corruption with related agencies, making it easy for companies to escape sanctions not fulfilling social responsibility. Based on several problems related to the ineffectiveness of social responsibility carried out by mining companies in the area

where they do business, it can cause several losses that directly impact the local community, which is the mining area. These losses include damage to natural resources, such as people having difficulty getting clean water, plantations damaged due to mining actions near community areas, and public facilities, such as damaged roads resulting from massive mining company activities.

Based on the background of the problem, the title of this study is Moving Forward: Regulatory Revolution of Corporate Social Responsibility in the Energy and Mining Sector in West Kalimantan. This study aims to examine several regulations related to corporate social responsibility in West Kalimantan to produce effective regulations related to fulfilling social responsibility. This research method is carried out normatively, with a statutory regulation approach. The analytical framework in this study uses qualitative methods or legal materials that have been collected and then interpreted. The conclusions in this study were obtained through deductive reasoning.

2 Discussion

The mining sector in Indonesia has a significant role in increasing the nation's economy. This can be seen from the opening of many jobs for the community and the increase in the regional economy in the mining company area. In addition to this, the existence of regional mining companies can maximize the potential of their natural resources.

The regulations related to mining in Indonesia are regulated in Law Number 4 of 2009, which aims to improve the welfare of all people. Along the way, mining companies can also hurt the ecological environment around the mining sector. Furthermore, mining can also cause misery for the people, damaging the ecological environment, such as water, forests, and so on, and damaging public facilities, such as community road access.

Based on these various mining impacts, rules related to corporate social responsibility emerge to avoid impacts and fulfill the rights of communities around the mining area. The purpose of the emergence of corporate social responsibility is to create sustainable economic activities in which the company does not only focus on profit alone but still pays attention to the impacts arising from the existence of mining business activities [6], and mining business activities must have a good impact on the community around the mining area by increasing the quality of life of the people who live in the mining area. As for the fulfillment of social responsibility, it is the obligation of companies engaged in natural resources, and this is contained in Article 74 paragraph (1) of the limited liability company law and Article 3 paragraph (1) of Government Regulation No. 47 of 2012.

Rules related to social responsibility regulations that oblige business actors in the natural resources sector to carry out their roles in fulfilling social responsibility are considered to be ineffective. As for West Kalimantan Province, the fulfillment of social responsibility, especially in the mining sector, is still worrying. This is based on the lack of a sense of responsibility from business owners in the mining sector.

The impacts on communities living in mining areas as a result of not fulfilling social responsibilities include social inequality, low education, damaged roads or public facilities, difficult access to natural resources, to impacts on the health of people living in the area mining. Social inequality where social responsibility is not fulfilled is increasingly massive poverty [7], in which people do not have access to a decent income even though they are already working in a mining company. The second factor the impact of not fulfilling social responsibility is the low level of education in the community in the mining area, and this is the result of mining activities that focus more on finding laborers than workers who have higher education because the costs incurred for unskilled laborers are much cheaper than workers who graduate from university. Furthermore, mining companies do not pay attention to the education of the community around the mining area even though it is regulated in Article 10 point a of the West Kalimantan Provincial Regulation, which focuses on developing the education sector of mining companies for communities around the mining area.

The third factor of the impact of not fulfilling social responsibility is the damage to public facilities such as public roads, which is the responsibility of the company to repair the roads they pass. This is emphasized in Article 10 point g of the West Kalimantan Provincial Regulation related to the infrastructure development program carried out by the mining company. The fourth factor from the impact of not fulfilling social responsibility is difficult access to natural resources [8], and this is because, in the process, mining activities are carried out by prioritizing profit alone so that it does not consider the sustainability of natural resources. The fifth factor is the impact of not fulfilling corporate social responsibility, which has implications for the health of people who live in mining areas. This also correlates with the fourth factor related to the destruction of natural resources. The factors causing the health of the people who live to be disturbed are pollution carried out by mining activities near community water sources, contamination of flora and fauna due to chemicals produced from mining processes, and so on.

Factors that have an adverse impact on the non-fulfillment of social responsibility can have implications for human rights issues. Based on the guidelines for business relations and human rights conceptualized by the United Nations organization, the things that need to be considered in business activities are protection, respect, and restoration [9]. The three concepts related to business relations and human rights aim to improve the quality of sustainable business and, in business activities, continue to prioritize human rights so that in addition to generating profits, business activities also protect sustainable natural resources and humanity.

Meanwhile, even though it has been regulated in international guidelines related to business and human rights, as well as regulations related to social responsibility, there are still many companies that have not implemented it. This is related to regulations that are felt to be less strict, and under supervision, these regulations are considered not optimal. Specifically, in West Kalimantan Province, according to Francis Anton, Chair of the Special Committee for Corporate Social Responsibility at the West Kalimantan Regional House of Representatives, there are still many fundamental problems related to the implementation of this corporate social responsibility [10]. Problems related to the implementation of corporate social responsibility in West Kali-

mantan are considered not to be on target and not in accordance with village programs. In practice, it becomes ineffective. Another obstacle related to the fulfillment of social responsibility by mining companies is that there is no facilitation team to develop valid data related to the fulfillment of social responsibility, so data related to social responsibility programs by mining companies cannot be analyzed by the parties involved. Related parties.

Based on Article 4 of West Kalimantan Provincial Regulation No. 4 of 2016 related to the implementation of social responsibility has explained several principles as basic norms related to the implementation of social responsibility, namely the principles of legal certainty, public benefit, togetherness, openness, partnership, balance, harmony, integration, fairness, agreement, sustainability, and environmentally friendly. Based on these principles, it is necessary to understand that each of these principles has a correlated relationship between one and the others so that in the implementation of social responsibility, all principles must be fulfilled; non-fulfillment of these various principles ultimately results in the ineffective implementation of social responsibility. As for the rules or regulatory oversight, especially in West Kalimantan, related to social responsibility, which is still not optimal due to regulations that are not strict in setting sanctions or do not even have proper arguments in imposing penalties for business actors who do not carry out social responsibility so they do not fulfill the principle of legal certainty.

Based on these problems, so that regulations related to social responsibility can run effectively in West Kalimantan, there are several suggestions that can be considered, including the need to revitalize regulations related to fulfilling social responsibility, especially in imposing heavier sanctions related to companies that do not carry out corporate social responsibility. The second is the need for a special team to build data related to companies that have carried out social responsibility or have not carried out social responsibility, as well as valid data related to social responsibility that is carried out in accordance with the needs of the people who live around the mining sector or No. The third is that supervision related to corporate social responsibility carried out by the government must synergize with each other, such as from the central government to regional governments, from regional to district governments, to from districts to sub-districts or villages so that they can actively control the activities carried out by companies in fulfilling corporate social responsibility. Based on these three recommendations, in practice, there must be synergy between the government, employers, and the community so as to produce business relations that are in line with human rights.

3 Conclusion

The mining sector in Indonesia plays an important role in the country's economy, but it also has a negative impact on the environment and surrounding communities. Corporate social responsibility regulations have been implemented but are still not effective, especially in West Kalimantan. Negative impacts that arise include social inequality, low education, damage to public facilities, difficulty accessing natural

resources, and public health impacts. This non-fulfillment of social responsibility also has implications for human rights issues. Even though there are guidelines and regulations, there are still obstacles to monitoring and enforcing the rules.

Based on these problems, several recommendations were made to increase the effectiveness of corporate social responsibility, including the need for revitalization of regulations related to corporate social responsibility, development of valid data related to the fulfillment of social responsibility, and synergy between the government, employers and the community in terms of monitoring social responsibility carried out by mining companies. In this context, the mining sector must try to achieve a balance between economic growth and environmental sustainability, and social welfare. Good and effective implementation of corporate social responsibility will have a positive impact on the community around the mine and maintain sustainable natural resources. This effort requires close coordination and cooperation between the government, employers, and the community to achieve business relations that are in accordance with human rights and provide real benefits for all parties involved.

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