

Effectiveness of Implementing Corporate Social Responsibility (CSR) towards the Community (Case Study at CV Mekar Abadi Wonosobo)

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Abstract. *This research aims to investigate the implementation of Corporate Social Responsibility (CSR) at CV Mekar Abadi using an approach of three main theories: legal effectiveness, management and Islamic business ethics. The main objective is to gain an in-depth understanding of the company's CSR practices and identify relevant barriers and solutions in the context of the wood industry. The research method used involved a field study approach with interviews and observations at CV Mekar Abadi. In addition, literature studies are used to support the identification of a conceptual framework in analyzing the company's CSR implementation. This triangulation approach allows researchers to gain a holistic and in-depth understanding of a company's CSR practices. The research results show that CV Mekar Abadi faces a number of challenges, including price fluctuations and market instability in the wood industry. Even though companies have managed to survive the COVID-19 pandemic, the impact of policy changes related to the pandemic has become an additional obstacle in implementing broader CSR programs. In overcoming these challenges, the proposed solutions include increasing transparency, developing inclusive CSR programs, and in-depth understanding of Islamic business ethics. The research conclusions emphasize the importance of adapting CSR according to the business context and provide useful recommendations for similar companies facing similar challenges.*

Keywords: *Community; Effectiveness; Responsibility; Social.*

1. Introduction

The Laws and Regulations in Indonesia are applied very comprehensively in various aspects of life, starting from laws related to human rights, education,

social assistance, business and even laws related to the environment. However, in reality there are still loopholes for someone to be able to escape from the laws and regulations to run their business, for example in this case related to Law Number 40 of 2007 concerning Limited Liability Companies which regulates in such a way that it is very comprehensive related to the establishment of a PT to Corporate Social Responsibility. This law is emphasized again in its application by making Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies.

Corporate Social Responsibility (CSR) or corporate social responsibility can be interpreted as a form of moral responsibility of the company to the community for the achievements it has achieved to obtain a good image/impression that reflects the company's social role, which is not merely seeking personal gain (shareholders) but also welfare. Society/community as a form of concern of the company in developing the economy or the condition of the community environment.¹

According to ISO 26000, Corporate Social Responsibility (CSR) is an organization's obligation to the consequences of its decisions and activities on society and the environment. This is reflected through transparent and ethical practices, in line with the principles of sustainable development and the welfare of society. Organizations are expected to consider stakeholder expectations, comply with international laws and norms of behavior, and integrate CSR comprehensively into their operations.²

The principles of social responsibility put forward by Bowen were widely accepted and recognized by the public, so he was recognized as the father of CSR and widely supported. In the early 1960s, Bowen's ideas about social responsibility influenced several other economic sociologists. For example, Keith Davis is considered the first person to introduce the concept of the Iron Law of Social Responsibility. Keith explained that a company's social responsibility is identical to its social status/position (a businessman's social responsibility must be commensurate with his social power). Businessmen who do not use their power responsibly and in accordance with the views and assumptions of society will lose the power they currently have.³

The implementation of Corporate Social Responsibility (CSR) is a responsibility that must be fulfilled by the company as a result of the social and environmental impacts caused by its business operations. The CSR program should be carried out seriously by the company, not only as an act of compliance with applicable

¹Wawan Dwanto, et. al, 2013, *Innovation and Social Entrepreneurship*, Alfabeta, Bandung, p, 168.

²Edi Suharto, 2009, *Social Work in the Industrial World Strengthening CSR (Corporate Social Responsibility)*, Alfabeta, Bandung, p. 105.

³Ismail Solihin, 2008, *Corporate Social Responsibility from Charity to Sustainability*, Salemba Empat, Jakarta, p. 16.

regulations, but as a real effort to improve social welfare and maintain environmental sustainability.⁴

Corporate Social Responsibility or CSR is very important to implement in order to achieve the main goal, namely realizing sustainable economic development to improve the quality of life and the environment that is beneficial to the local community and society in general so that the main goal of Pancasila Sila 5 is achieved, namely social justice for all Indonesian people. Likewise, the philosophy of corporate social responsibility in Indonesia refers to the 1945 Constitution of the Republic of Indonesia. In the Preamble to the 1945 Constitution

paragraph 4 which reads "... to protect all Indonesian people and all Indonesian blood and to advance public welfare, to educate the nation's life, and to participate in implementing world order...". Therefore, realizing public welfare is the responsibility of the state, one form of which is the implementation of CSR for companies in Indonesia. So that not only entrepreneurs get big profits but the surrounding community also feels its welfare.

Article 74 of Law Number 40 of 2007 concerning Limited Liability Companies states that "Companies that carry out their business activities in the field of and/or related to natural resources are required to implement Social and Environmental Responsibility". The article explains that PTs whose business fields are related to natural resources must carry out CSR. However, there are actually many other companies that are not PTs that are engaged in natural resource businesses.

So that the obligation of corporate social responsibility (CSR) owned by the company to the community, should not only be carried out by corporations in the sense of companies that are legal entities and large-scale. It is possible that individual companies that are not yet legal entities also cause significant social and environmental impacts on the surrounding community. If using the term corporate social responsibility, then the company's social responsibility regardless of how big the company is. In Indonesia, corporate social responsibility is a legal obligation (legal mandatory) so that it cannot create loopholes for large entrepreneurs who are worried that if their business is in the form of a PT, they must issue CSR so that it is changed to CV status so that it cannot be subject to the Law so that the profits are full.

Wonosobo Regency, Central Java currently has many companies in the form of Commanditaire Vennootschap (CV) that are still running such as CV. Chang Da Industri, CV. Bestari, CV. Cahaya Tama, CV. Honggoderpo, and CV. Mekar Abadi. All CVs are engaged in their respective business fields, but one of the CVs that is

⁴Adityo Wicaksono, et al, 2021, "Study of the Effectiveness of Corporate Social Responsibility (CSR) Programs: Case Study of Energy Generation Company "Y", P2KMI, Jakarta, p. 19.

engaged in the field and uses natural resources in the form of wood is CV. Mekar Abadi which is located in Kalikajar District, Wonosobo.

CV. Mekar Abadi is one of the big companies in Wonosobo Regency that runs its business in the field of wholesale trade of wood and other building materials, wholesale of durable goods, wholesale of wood, plywood, and sawn timber. CV Mekar Abadi in running its industry certainly uses the main material of natural resources in the form of Wood and also in the process produces production waste. CV Mekar Abadi has several branches in several sub-districts in Wonosobo Regency by employing almost thousands of employees in total.

On this basis, the researcher will conduct a study on the regulations governing the CSR obligations that must be applied to CV Mekar Abadi and how CV. Mekar Abadi has carried out social responsibility towards the community, society, or environment because according to the researcher, not only PT has social responsibility but all companies that carry out their business activities in the field and/or related to natural resources are required to carry out Social and Environmental Responsibility.

2. Research Methods

This study uses a qualitative approach with a sociological juridical method to understand the practice of Corporate Social Responsibility (CSR) at CV Mekar Abadi. This approach involves secondary data studies, followed by field research on primary data. The research specifications are descriptive analytical, providing a detailed and systematic picture to understand the problem. The types of data include primary data from interviews and secondary data from literature studies.

Primary data were obtained through guided interviews with stakeholders, while secondary data came from literature, books, journals, and related legal regulations. Data collection methods included field studies with interviews and observations, as well as literature studies. Data analysis was conducted using qualitative methods, using legal principles, legal theories, expert views, and relevant legal regulations.

Field studies provide an in-depth understanding of CSR implementation, involving company management and stakeholders. Literature studies involve literature reviews, tracing of laws and regulations, and relevant sources to support the identification of a conceptual framework. Non-statistical qualitative data analysis is conducted by detailing legal principles, theories, and provisions of laws and regulations to compile a research report. The goal is to gain a comprehensive understanding of the legal context relevant to CSR at CV Mekar Abadi.

3. Results and Discussion

3.1. CV Profile and History. Eternal Bloom

CV. Mekar Abadi is a company engaged in the sustainable wood processing industry, established since November 10, 1993. With more than 20 years of

experience, CV. Mekar Abadi continues to strive and improve the fulfillment of export-ready goods in the form of Bare Core and Block Board, with international market destinations including: China, Malaysia, Singapore, Taiwan, Korea, Hong Kong, Egypt, Saudi Arabia and Jordan.

The location of the head office and main factory is located on Jalan Purworejo KM. 17 Sapuran, Wonosobo with 900 employees in February 2024. Far different from the heyday when there were 9000 employees in its three branches. The main factory structure consists of several building units that are adjusted to each process unit, creating a layout that suits the hilly land conditions.

The undulating topography of the land with an altitude of 760 m above sea level and regosol soil type supports the company's activities. The environment around CV Mekar Abadi has an average rainfall of 94 mm/month and air temperatures ranging from 14.3 - 26.5 °C.

CV. Mekar Abadi, is a business entity based in Indonesia. Initially, the company emphasized the production of hand-sawn wood, growing into a leading provider of building wood in East Java. Through this long journey, CV Mekar Abadi has succeeded in gaining a strategic position as a major player in the industry.

The company initially served the needs of large companies and focused on albasia wood, with most of the raw materials coming from local communities. CV Mekar Abadi avoids illegal logging, and its main products such as albasia barecore, blockboard, and plywood attract market attention. The company develops CSR by managing reject goods and opening branches in Boyolali and Banjarnegara, focusing on environmental activities such as seed donations.

Then, the company's history began by serving the needs of large companies, such as PT. Nusantara in Gresik, focusing on albasia wood. Around 60% of raw materials come from local communities, with its main products such as barecore albasia, blockboard, and plywood better known as triplek, attracting market attention. Of course, the wood material does not or does not come from illegal logging or logging known as illegal logging.⁵

Despite facing economic challenges and global crises, CV Mekar Abadi has managed to survive for the past ten years, even experiencing an increase in wood prices during the COVID-19 pandemic. This study aims to better understand the company's CSR implementation and its impact on society, the environment, and business sustainability.

3.2. Implementation of CSR at CV. Mekar Abadi

The implementation of Corporate Social Responsibility (CSR) at CV. Mekar Abadi reflects the company's commitment to social and environmental responsibility. Recent CSR efforts include positive contributions, such as donating seeds to the Lembah Sikembang tourist area, Kertek. The company's employees are also

⁵Dwi Agus Istiyono, 2020, *Illegal Logging Criminal Investigation Process*, Law Development Journal, Volume 2 Issue 3, Unissula, p. 1.

actively involved in CSR initiatives, such as organizing futsal tournaments organized by them.

Although the company has implemented CSR, there are still efforts to adapt to new local regulations, including the Regional Regulation of Wonosobo Regency Number 2 of 2023 concerning Social and Environmental Responsibility of Business Entities. In addition, the company also complies with relevant national regulations, such as applicable laws.

CV Mekar Abadi views CSR as a form of zakat in Islam and has plans and goals to continue developing CSR programs as a form of its commitment to social and environmental responsibility. The direct impact of CSR implementation is seen in the provision of seedlings, which will provide a sustainable supply of wood in the future. Despite facing financial challenges and changing business trends, CV Mekar Abadi remains resilient with the support of its owners and responsibility towards its employees. A company that not only exists in the business world, but also plays an active role in providing a positive impact on the environment and surrounding communities.

To provide further context regarding the company's commitment to social responsibility in Islam, CV Mekar Abadi claims to refer to the hadith of the Prophet Muhammad SAW which explains the importance of zakat. In the hadith, the Prophet SAW encourages his people to give zakat as a form of obligation and as a means to cleanse their wealth from detrimental traits. The concept of zakat in Islam is very relevant to the company's CSR approach, demonstrating concern for society and sustainability.

3.3. Regulations Related to CSR in Indonesia

3.3.1. Law Number 40 of 2007 concerning Limited Liability Companies

Law No. 40 of 2007 concerning Limited Liability Companies is a very important legal basis in regulating the establishment and operation of limited liability companies in Indonesia. Several key articles in Law No. 40 of 2007 concerning Limited Liability Companies provide specific directions and provisions regarding various aspects related to limited liability companies. In this thesis, an explanation of several key articles of Law No. 40 of 2007 concerning Limited Liability Companies can help provide a deeper understanding.

Regarding the implementation of CSR in business entities in Indonesia, it is regulated in Article 74 which reads as follows:

Article (1) reads: "Companies that carry out business activities in the field of and/or related to natural resources are required to implement Social and Environmental Responsibility."

Article (2) reads; "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, the implementation of which is carried out by paying attention to propriety and fairness.

Article (3) reads: "Companies that do not carry out the obligations as referred to in paragraph (1) shall be subject to sanctions in accordance with the provisions of statutory regulations.

Article (4) reads: "Further provisions regarding Social and Environmental Responsibility are regulated by Government Regulation.

Article 74 of Law No. 40 of 2007 concerning Limited Liability Companies is an important aspect that regulates the rights and obligations of shareholders in limited liability companies in Indonesia. This article provides a clear framework regarding the role of shareholders in managing and supervising the company.

3.3.2. Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies

Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies directs the practice of Corporate Social Responsibility (CSR) in Indonesia. This regulation provides comprehensive guidance for the obligations and responsibilities of limited liability companies related to social and environmental aspects. Several important articles in this regulation discuss the implementation of CSR in companies, including CV. Mekar Abadi.

The definition of CSR is affirmed in Article 2 of PP No. 47/2012 as a limited liability company to contribute to sustainable development, considering the social and environmental impacts of business activities. This article forms a conceptual framework for the implementation of sustainable CSR.

Article 4 of PP No. 47/2012 regulates the obligation of limited companies to carry out CSR activities in accordance with the principles of prudence and sustainability. This obligation includes the company's efforts to reduce negative impacts and increase positive impacts on society and the environment.

The preparation of CSR programs and reporting of activities are regulated in Article 5 and Article 6 of PP No. 47/2012. Limited companies are required to prepare CSR programs and report on their implementation, creating control and transparency mechanisms.

Administrative sanctions for companies that do not fulfill CSR obligations are regulated in Article 7 of PP No. 47/2012. These sanctions include warnings, freezing of NPWP, and revocation of business licenses. This confirms the sustainability of CSR implementation as an integral part of the sustainability of company operations.

3.3.3 Regional Regulation of Wonosobo Regency Number 2 of 2023 Social and Environmental Responsibility of Business Entities

Wonosobo Regency Regional Regulation Number 2 of 2023 presents a comprehensive legal framework in terms of Social and Environmental Responsibility of Business Entities. In detailing the planning aspects, Article 3 emphasizes the need for a participatory approach, partnerships, and agreements

in designing and implementing the Social and Environmental Responsibility Program of Business Entities. This indicates an awareness of the importance of involving various related parties, including local governments, companies, and communities, to achieve sustainable development goals.

Articles 4 and 5 provide further insight into the program. References to the company's Regional Development Plan and Annual Work Plan illustrate the integration of the Corporate Social and Environmental Responsibility program into the broader development context. Recognition of aspects such as social welfare, education, health, arts and culture, religion, entrepreneurship, infrastructure, and the environment demonstrate a deep understanding of the various dimensions of sustainability.⁶

Meanwhile, Article 14 outlines the main role of the Regent and related regional apparatus in coaching and supervision. This approach includes counseling, consulting, guidance, as well as verification and evaluation of program implementation. This process is not only a means of supervision, but also a means of coaching and assistance to overcome challenges or obstacles that may be faced by business entities.

The provisions in Article 15 stipulate the obligation for every business entity to routinely submit a report on the implementation of the Social and Environmental Responsibility of the Business Entity to the Regent. This report is a transparency instrument that allows the government, the community, and other related parties to understand the real impact of the programs being implemented and the extent to which the company fulfills its responsibilities.

3.4. Analysis of CSR Practices in the Context of CSR Regulations

3.4.1. Law Number 40 of 2007 concerning Limited Liability Companies

Although Law No. 40 of 2007 concerning Limited Liability Companies explicitly regulates Social and Environmental Responsibility for companies, including companies operating in the natural resources sector, it is important to remember that CV Mekar Abadi, as a form of business entity in the form of a Commanditaire Vennootschap (CV), has different characteristics and legal obligations compared to a Limited Liability Company (PT).

Although CV Mekar Abadi is not directly bound by Law No. 40 of 2007 concerning Limited Liability Companies, the company's decision to implement CSR shows their readiness to adopt practices beyond the legal minimum. The principle of legal effectiveness not only highlights the importance of compliance with the law, but also emphasizes community support and law enforcement. In this context, the protection and sanctions contained in government regulations are a driving force for CV Mekar Abadi to continue to improve their CSR programs, creating greater positive impacts and being more in line with legal standards.

⁶Regional Regulation of Wonosobo Regency Number 2 of 2023 Social and Environmental Responsibility of Business Entities

3.4.2 Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies

In the context of managing social and environmental responsibility in CV Mekar Abadi, the principles contained in Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies can be linked to the wood processing activities carried out by this company. Although this regulation specifically refers to limited liability companies, the principles contained therein can be a relevant guide for other business entities, including CVs, in adopting Corporate Social Responsibility (CSR) practices.

One of the principles that can be linked to the implementation of CSR in CV. Mekar Abadi from Government Regulation Number 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies is the obligation of limited liability companies to carry out CSR activities in accordance with the principles of prudence and sustainability. In the context of CV Mekar Abadi which is involved in the wood processing industry, the principle of prudence can be applied to minimize negative impacts on the surrounding environment, such as deforestation or ecosystem damage. On the other hand, the principle of sustainability can guide companies in developing initiatives that support the sustainability of natural resources and the surrounding environment.

The principle of legal compliance investigation can also provide a basis for CV Mekar Abadi to evaluate the extent of their compliance with regulations and legal standards related to CSR. The application of the principle of legal effectiveness, which emphasizes elements such as laws, law enforcement, supporting facilities, society, and culture, can help companies assess and improve their compliance.

3.4.3 Regional Regulation of Wonosobo Regency Number 2 of 2023 Social and Environmental Responsibility of Business Entities

Although CV Mekar Abadi is not a Limited Liability Company, the implementation of CSR practices can refer to the principles of social and environmental responsibility that are generally recognized in law and business ethics. CV Mekar Abadi, which is engaged in the wood processing industry with an emphasis on albasia products, has a long history and experience in supplying to large companies in East Java.

In relation to the implementation of the Regional Regulation of Wonosobo Regency, CV Mekar Abadi is expected to be active in implementing social responsibility programs, especially those related to the environment and the surrounding community. CSR programs that have been implemented, such as seed assistance and donations for activities in the surrounding environment, reflect the company's commitment to sustainable development.

It is important to note that CSR reporting is still limited and focused on the environment, with the owner having a policy of not reporting CSR programs

related to the pondok, given its association with worship. However, reporting to local government and other stakeholders is still done.

Many business challenges hit CV Mekar Abadi, including a decline in the trend in the wood industry, CV Mekar Abadi remained resilient and even able to grow during the Covid-19 period. CSR efforts such as planting seedlings and supporting various community activities show the company's involvement in facing these challenges.

It should be noted that despite implementing CSR, CV Mekar Abadi is still considering constraints related to the company's financial condition. However, there are plans to develop and expand the CSR program in the future, which may include new and more sustainable initiatives.

While Law Number 40 of 2007 concerning Limited Liability Companies does not directly apply to CV Mekar Abadi, its principles, such as transparency and accountability, remain relevant as a guide to business ethics. Basically, even in the form of a CV, CSR principles can help companies build positive relationships with the community and achieve long-term sustainability in their operations.

Implementation of CSR based on Regional Regulation of Wonosobo Regency Number 2 of 2023, the theory of legal effectiveness views CV Mekar Abadi must ensure that their CSR practices are in line with generally recognized legal principles. Regardless of its status as a CV, this company is expected to actively engage in social responsibility programs, especially those related to the environment and the surrounding community. Within this framework, ensuring compliance with regional regulations becomes essential, with companies expected to prepare more comprehensive CSR reports, covering aspects such as contributions to the community and support for environmental programs.

3.5. Challenges and Solutions in Implementing CSR CV Mekar Abadi

3.5.1 Financial Constraints

CV Mekar Abadi is experiencing financial constraints that could affect the implementation of the CSR program as a whole. Although it has carried out a number of CSR activities, the company is still considering its unstable financial condition, which could be an obstacle to engaging in larger and more sustainable CSR initiatives.

Despite facing financial constraints, CV Mekar Abadi is still committed to implementing a number of CSR activities. The company may choose to focus on programs that are in line with their current financial capabilities, such as local assistance, planting seedlings, or supporting activities for the surrounding community. This may be a strategy taken by the company to continue to contribute positively despite limited resources.

To overcome financial constraints, CV Mekar Abadi can implement a sustainable and gradual approach in implementing CSR programs. By considering financial constraints, the company can identify projects that can be implemented with

available funds and gradually increase their involvement as financial conditions improve.

By wisely managing its financial resources, CV Mekar Abadi can continue to provide a positive impact on the surrounding environment and society, while progressively increasing its involvement in larger CSR initiatives in line with the improvement of the company's financial condition.

3.5.1.2 Non-Reporting Policy Regarding Pondok

The non-reporting policy regarding pondok implemented by CV Mekar Abadi, due to its association with worship, can be an obstacle that affects the company's ability to provide a comprehensive picture of all Corporate Social Responsibility (CSR) activities that they undertake. This decision limits the level of transparency and accountability of the company to relevant stakeholders.

The decision not to report CSR programs related to the pondok may result in ambiguity regarding parts of the company's CSR activities, especially those related to the religious dimension. Although this policy may be based on considerations of diversity and sensitivity to religious aspects, it may cause misunderstanding among stakeholders, including the surrounding community, consumers, and government agencies.

The impact of this non-reporting policy is the limited information that can be accessed by the public regarding the company's CSR efforts related to the pondok. Thus, stakeholders may have difficulty in evaluating the extent of the company's involvement in social and environmental activities, especially those related to the religious and pondok dimensions.

Transparency and accountability are key elements in effective CSR practices. With a non-reporting policy regarding pondok, companies miss out on opportunities to build trust and demonstrate their commitment to social responsibility. Stakeholders may feel less involved and less aware of the company's specific contributions in supporting the religious and cultural aspects of the local community.

To overcome this obstacle, CV Mekar Abadi can consider detailing more generally or briefly explaining the CSR programs related to the pondok without involving too much detail or religiously sensitive. This can be done while still respecting religious and cultural values, while providing adequate understanding to stakeholders regarding the CSR efforts undertaken by the company. In this way, the company can increase their level of transparency and accountability without neglecting the values of diversity and religion that are highly respected.

3.5.1.3 Challenges of the Wood Industry

CV Mekar Abadi faces challenges from the declining trend in the wood industry. Price fluctuations and unstable market conditions in the industry can be obstacles to allocating additional resources for CSR programs or developing new initiatives.

Unstable market conditions can also make it difficult for companies to plan long-term, including developing sustainable CSR initiatives. Investment decisions in CSR programs require sufficient visibility and certainty regarding market and economic conditions. Uncertainty in the timber industry can hinder companies' ability to make long-term commitments to socially responsible practices.

In addition, the declining trend in the wood industry can also create greater external pressure on companies to remain competitive. Efforts to maintain competitiveness in difficult market conditions may cause companies to focus more on basic operational aspects and reduce resource allocation for CSR activities.

In facing these challenges, CV Mekar Abadi needs to adopt a careful risk management strategy. They must be able to identify and evaluate risks related to price fluctuations and market conditions in the wood industry. In addition, diversifying operations or seeking innovation in products or services can be a strategic step to reduce dependence on one volatile industry sector.

3.5.1.4 Global and National Economic Conditions

Global and national economic conditions play a significant role in shaping the challenges for CV Mekar Abadi. As a company operating in the wood industry, global economic fluctuations can affect purchasing power and demand for wood products, which in turn affects the resources that can be allocated to CSR programs. The COVID-19 pandemic and related policy changes have had a significant impact on various economic sectors, including the wood processing industry. This may create additional barriers for companies to undertake broader CSR programs or allocate additional resources to new initiatives.

The limitations of CSR reporting experienced by CV Mekar Abadi basically include a focus that is only limited to environmental aspects and a lack of complete information in their CSR reports. Although this company has implemented several CSR programs, the information presented in the report tends to be limited to environmental efforts, such as planting seedlings and supporting environmental activities.

To overcome the limitations in CSR reporting, CV Mekar Abadi can take several strategic steps. First, the company can expand the scope of its CSR program by diversifying initiatives that include social aspects, such as education and public health. This will create a more holistic CSR report and reflect the company's positive contribution in various areas of social responsibility. Furthermore, CV Mekar Abadi needs to adopt a more comprehensive CSR performance measurement metric, involving economic, social, and environmental indicators.

4. Conclusion

The results of this study are that CV Mekar Abadi shows that although it is not a Limited Liability Company, this company can voluntarily implement CSR practices as a form of commitment to sustainability and positive impacts on society and

the surrounding environment. This effort reflects a commitment to responsible business principles, creating a positive image in the eyes of stakeholders.

However, the implementation of CSR is not free from obstacles, such as fluctuations in the wood industry and the impact of global economic conditions. The proposed solutions involve adaptive management, increased CSR reporting, and community empowerment through sustainable programs. The link to the theory of legal effectiveness is reflected in the implementation based on government regulations, while the challenges of the wood industry and global economic conditions reflect the management aspect. The application of Islamic business ethics values is reflected in efforts for transparency, accountability, and community empowerment.

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