Exploring Social Contracts: Enhancing Cooperation and Collaboration between Businesses and Communities

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Abstract

Even though the term "social contract" has been around for a while, its definition has evolved to fit the circumstances in a particular region. This study examines the idea of social contracts in the dynamic Indonesian environment, with a focus on partnerships between businesses and communities. This study examines the changing social dynamics within Indonesian society by using a qualitative research methodology and conducting a thorough literature review. It investigates how social contracts can address problems with cooperation and interaction between various groups. The findings underscore two significant factors that influence social contracts: coordination challenges within the same group and competition challenges between different groups. To effectively address these challenges, it is crucial to comprehend both intra-group and inter-group dynamics. The study concludes by discussing the Indonesian perspective on social contracts within the framework of existing rules and regulations, emphasizing the necessity of raising awareness and establishing a well-defined social contract framework. It is necessary to express awareness about how social contracts help maintain inclusive development and the need to live within the means of social harmony. Based on social contracts established with a clear framework to realize a peaceful society. This study offers valuable insights into Indonesia’s evolving concept of social contracts. It underscores the pivotal role of collaboration between companies and communities in adapting to the rapidly changing Indonesian environment.

Keywords: Social Contracts; Cooperation; Companies; Communities; Indonesian Environment.

1. Introduction

Humans are naturally social animals, living in established communities of various ethnic and racial groups [1, 2]. In response to the quickening pace of society’s development, these social interactions give rise to various groupings, including business, urban, rural, and farming [3, 4]. These societies face comparable economic, social, political, cultural, and technological problems, regardless of how open or closed they are.

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Amidst these changes, the emergence of a state-run trust economy has fostered the concept of social contracts [4]. Social contracts are facilitated by regulations that enable individuals to effectively self-manage, providing enhanced legal protection and consumer security [5]. Both private entities and governments have recognized the importance of social contracts in fulfilling public needs, leading to agreements between individuals and government entities through a new social contract perspective [6, 7]. Unlike other creatures, humans possess a unique combination of socialization, involving changes in social life and organization influenced by the dynamic nature of culture and societal norms [8].

Global studies emphasize the necessity of binding social contracts to address the evolving challenges in people’s lives [9]. Proponents of the social contract theory in the USA emphasize limited government tasks focused primarily on providing security while preserving individual freedom and rights [9]. The concept of social contracts continues to evolve, prompted by rapid developments and resulting social challenges that demand effective cooperation mechanisms [10, 11]. These challenges involve coordination within the same group and competition between different groups [10], necessitating the implementation of regulations akin to Intellectual Property policies to ensure legal protection [12].

As governments transition into welfare states, laws and regulations become paramount in providing protection and security for all citizens, particularly those engaged in social contracts [13]. Consequently, governments worldwide have initiated deregulation policies, creating hybrid regulations under a meta-government framework that prioritizes pro-society regulations [14, 15]. Deregulation has emerged as a global trend driven by disruptive innovations, leading to the diffusion of countless changes and exerting pressure on existing regulations [15, 16]. In this context, civil societies and business owners’ proposed policies and regulations are fundamental for efficient and effective public service delivery [17, 18].

While government efforts to drive social change through policies and regulations have shown successes and failures, the perception of fairness and fulfillment of people’s needs play crucial roles [19–21]. Discontent and unrest arise when society feels abandoned and perceives regulations as punitive measures against grassroots communities [22, 23]. Social unrest reflects society’s reflection on its development and the failure of governments [22]. Still, it is also essential to recognize that economic regulations and social laws may limit national growth and development [23]. Therefore, fostering government-private partnerships becomes indispensable, particularly in developing countries like Indonesia, where the legal community must strengthen its efforts to advocate for and promote social contracts from a broader perspective.

By investigating the concept of social contracts and examining the cooperation between companies and communities in the changing Indonesian environment, this research aims to contribute to understanding the social dynamics within Indonesian society. The study will discuss the coordination and rivalry issues that different groups face and focus on the significance of understanding intra-group and inter-group dynamics. The Indonesian perspective on social contracts within the current framework of laws and regulations will also be clarified, highlighting the necessity of a clear social contract framework to promote inclusive development and social harmony.

The research will close the existing gap in the literature by offering important insights into Indonesia’s evolving understanding of social contracts and emphasizing the crucial role of collaboration between companies and communities in adapting to the country’s rapidly changing environment. The study aims to create efficient mechanisms for cooperation that can address the difficulties faced by various groups, promote inclusive development, and foster social harmony by looking into the dynamics of social contracts.

2. Literature Review

This study aims to investigate the idea of the new social contract within the context of Indonesia. According to different viewpoints and circumstances, the idea of the social contract has been interpreted [24]. However, one aspect unites all of these viewpoints: party consensus [25]. The social contract is specifically intended to create an agreement between the governing bodies, represented by the government, and the individuals being governed, represented by the people [26].

2.1. Social Contract and Society

The interactions and obligations of people or entities within various contexts, such as workplaces, clans, communities, organizations, and nations, are governed by a social contract, which may be expressed verbally or recorded in writing [27], creating a shared understanding of contracts, commitments, and responsibilities between the state and those it governs [28]. According to Rubin [29] and Burnyeat & Sheild Johansson [30], philosophers use a social contract as the basis for political theory to analyze how societies and governments interact regarding mutually agreed-upon public goods and services.

According to Suchman [6], Perlman [26], and Wistow [31], a social contract is a novel method of social engineering that aims to comprehend the dynamics and cooperation between the state and the general public in addressing social problems. To ensure the sustainability of the current system and the representation of everyone’s rights within it, the
social contract’s main goal is to provide services that benefit society as a whole [27, 32]. As a result, the social contract theory serves various functions within a societal context [28]. However, when the majority opposes a social contract’s established values and norms, a group may oppose it [33].

Dunfee et al. [3] and Sasan [35] argue that the social contract theory holds promise as it elucidates the interconnections between parties in a cooperative relationship. A social contract addresses power imbalances by establishing a contractual framework to rectify social disparities, often without considering other factors influencing the economic system [36]. Timm [36] and Devellennes [37] further explain that social contracts are grounded in reason and limited to fulfilling social functions, particularly in providing public goods and services, and that establishing a social contract within the social structure endeavors to balance power between communal parties and governing entities [38]. Despite the potential for misuse, the purpose of a social contract is to ensure the equitable and just distribution of services among people [39].

According to Anugraharsi et al. [40], which focuses on social contracts in Indonesia, it was found that there is currently no specific law or regulation governing social contracts. Instead, partnership agreements based on related laws attempt to establish equity in service delivery and promote fair governance in the country. In Indonesia, social contract concepts are predominantly reflected in welfare regulations, primarily found in the 1945 constitution [41]. Despite having over 14 articles on creating a welfare state and undergoing several regulatory changes, Indonesia has yet to achieve the status of a true welfare nation. As a result, there have been persistent demands from the public for the government to fulfill its constitutional obligations [41], sparking discussions on social contracts compared to countries like Japan, the United States of America, and many others.

However, it appears that the social contract concept in Indonesia is either integrated within various policies and regulations or taken for granted, assuming that all contracts are similar without specific mention of the social contract’s purpose, which is government-community cooperation in service delivery.

### 2.2. Social Contract and the Law

Based on the existing literature, it has been observed that Indonesia has placed more emphasis on social welfare rather than the concept of social contract [42]. Consequently, the public has been compelled to demand that the government fulfill its responsibilities [41]. The literature highlights that government involvement facilitates nationwide public welfare programs.

The government relies on regulations, presidential decrees, and ministerial decrees established as social welfare regulations to implement social welfare programs. These regulations are primarily reflected in what is known as social protection policies. McCarthy & Sumarto [42] explain that social protection regulations encompass distributional politics and practices that present implementation challenges. However, studies have revealed a significant increase in the prevalence of social protection regulations, indicating a growing trend [42]. Despite this trend, [42] argues that legal experts should take a central role in coordinating and providing guidance to ensure that state initiatives are logically and morally acceptable to the public, especially those in poverty.

According to Abdu [43], Indonesia must develop strategies to establish an inclusive economy where everyone has unhindered access to necessities and needs. Various presidents have enacted policies to strengthen the social contract, focusing on social protection. For example, during President Susilo Bambang Yudhoyono’s second term, social programs spread across ministries were consolidated into the “National Team for the Acceleration of Poverty Reduction” [42]. Under President Jokowi’s leadership, social support programs were further strengthened, emphasizing enhancing government facilitation programs for social welfare and promoting equality within the community [42].

Significant changes have been observed during Jokowi’s administration, including introducing a comprehensive poverty reduction program and empowering the Ministry of Social Affairs to establish national social protection strategies [44]. However, there remains a concern regarding the limited regulations of social contracts. It is important to have clearly defined regulations to hold the government accountable and ensure the effective implementation of the social contract.

### 2.3. Social Contract in Indonesia Context

Indonesia is predominantly characterized as a welfare state rather than a country that strongly supports the social contract theory. Numerous programs have been implemented and continue to be implemented to promote equity and provide opportunities for all citizens. The social contract theory is embedded within the Pancasila ideology and enshrined in the 1945 constitution, which serves as the foundation for other laws and regulations. The fifth ideology of Pancasila emphasizes social justice for all Indonesian citizens, ensuring equal rights and opportunities to lead a decent life [45].

The fifth Pancasila ideology promotes inclusive participation in all sectors, which contributes to national growth and development, aligning with the concept of the new social contract. Discussions on social contracts encompass diverse
groupings and categories. People are grouped based on their needs and the demands of their communities, influenced by social changes that give rise to new demands and needs [43]. This goes beyond changes in individual behavior and extends to the interactions within society as a whole. As a result, societal rules and structures undergo alterations to accommodate these new behaviors [43, 46].

Indonesia has implemented a new social contract approach, as summarized by Hastuti et al. [47]. The country’s new social contract theory is based on a three-cluster ideology, which has been established through the Presidential Regulation No. 13 of 2009, focusing on poverty alleviation [43]. The government acknowledges the social contract’s importance. It has implemented several programs to combat poverty, such as food distribution through programs like Raskin (Rice for the Poor Program), which acts as a conduit for giving the needy social assistance. This idea is illustrated graphically in Figure 1, which Abdu (2014) presented after adapting it from Hastuti et al. [47].

![Social Contract Scheme](image)

Figure 1. An Illustration of Social Contract Scheme by the Indonesian Government to Poor Communities

Food, education, and healthcare are three essential facets of societal life covered by the plan shown in Figure 1 [43, 47]. This program has been especially useful because it has lessened the effects on underprivileged communities during the worst COVID-19 pandemic in Indonesia. The program divides people into two groups: those experiencing poverty and the near-poor. This initiative gives these families’ children educational support so they can attend school. They also receive health insurance cards, which they can use to access government-recommended or subsidized healthcare facilities when ill. The concept of the new social contract is examined in the context of Indonesia in the current paper in light of these arguments. The objective is to investigate the function of social contracts as a basis for appreciating the country’s ongoing changes from various angles and, if necessary, pinpointing areas for improvement.

3. Method

To examine the idea of social contracts in Indonesia, a qualitative approach was used as the research methodology in this study. As these elements contribute to the consideration of social contracts as a potential solution for communication difficulties between the governed and the governing parties, a normative literature review was conducted to explore the content related to social dynamics, social protection, and community interactions in the nation.
The researchers examined various documents, observed actual events, and watched audiovisual materials to comprehend how the social contract concept was applied in the Indonesian context. Several research methods were used during this process, including careful observation. According to Kreuger & Neuman [48], qualitative researchers are adept at actively attending to, observing, and listening to field-related interactions.

During the observation phase, the authors collected data from respondents who held leadership positions in local government. They focused on understanding and documenting information regarding the existing social contracts between the government and grassroots community members. The researchers maintained a neutral and natural approach in their environmental setting, ensuring they did not manipulate the situation [49].

The observation tool, as described by Abdu [43], was applied directly to gather the necessary information from primary sources concerning the execution of social contracts in Indonesia. Utilizing qualitative methods was deemed appropriate as it promotes open and scientifically rigorous discussions, fostering genuine cooperation among all involved parties [50].

The workflow of the process of the methodology of this study is as follows:
1) Research Objective: Examine the concept of social contracts in Indonesia.
2) Research Approach: Qualitative research method.
3) Literature Review: Conduct a normative literature review on social dynamics, social protection, and community interactions in Indonesia.
4) Data Collection Methods:
   c. Audiovisual Materials: Review audio and video recordings
5) Research Techniques:
   b. Respondents: Collect data from local government leaders.
6) Data Focus: Understand and document information on social contracts between the government and grassroots community members.
7) Environmental Setting: Maintain a neutral and natural approach, avoiding manipulating the situation.
8) Observation Tool: Apply the observation tool directly to gather primary source information on social contract execution.
9) Data Analysis: Analyze collected data to understand the application of social contracts in the Indonesian context.
10) Scientific Rigor: Promote open and rigorous discussions, fostering genuine cooperation among involved parties.

4. Results and Discussion

The findings of this study reveal two significant factors that substantially impact the concept of social contracts: coordination and competition. These factors, as highlighted by Vlerick [10], play a crucial role in shaping the dynamics of social contracts. The concurrent presentation of these findings and their corresponding discussion is as follows:


As mentioned in the literature review, implementing the social contract in Indonesia primarily focuses on social protection and welfare programs. The government is responsible for drafting social protection policies and ensuring their effective implementation.

At the community level, the local leader who serves as the political head of the village, plays a crucial role in overseeing various development programs. To examine the application of the social contract theory, this study analyzed two specific programs: the social housing program and the COVID-19 rapid social assistance program, which involved the distribution of stimulus funds.

However, it was observed that many participants expressed dissatisfaction with implementing these programs. In several areas studied, community members were compelled to purchase or accept goods that had already been procured, such as eggs, rice, and cooking supplies, from established business owners. This practice was contrary to the desires of the community members, causing discontent among them.
According to Hastuti et al. [47], Indonesia’s new social contract theory is based on President Jokowi’s government has taken significant steps to improve social welfare, empowering ministries to develop strategies for implementing social protection programs nationwide [44].

While the concept of social contract remains somewhat unclear in the Indonesian context, it is evident that it is starting to influence policy decisions and is likely to become more prominent. However, engaging in lobbying efforts and raising awareness among policymakers and policy experts about the importance of social contracts for national security and stability is crucial.

4.2. Social welfare and Social Protection as the Commonly used Concepts

Based on the available documents, the government of Indonesia has primarily implemented social welfare and social protection programs as part of its cooperation with grassroots communities. These programs aim to establish a direct partnership between the government and its citizens, guided by the belief that everyone has the right to live a decent life and equal opportunities. This is consistent with the fifth Pancasila ideology, which encourages inclusive participation across all nation sectors and promotes the nation’s growth [45].

This suggests that the social contract concept is gradually being applied in Indonesia, particularly in the interaction between citizens and the government. It can be viewed as a varied strategy for carrying out social contracts with different assemblages and classifications of people. According to Wamaung [51], people are frequently grouped according to their and the community’s needs. Because they are designed to improve the delivery of services between the government and grassroots communities, it is appropriate to refer to the current social welfare and social protection programs as social contracts.

Through social protection and social welfare initiatives, the Indonesian government implements various social welfare programs to foster cooperation between the government and its citizens. These initiatives consist of feeding underprivileged groups, providing education through education cards, and facilitating access to medication through insurance programs supported by the government. The government hopes to balance society and promote cooperation between the people and the government by implementing such programs.

According to research, emphasizing social welfare can promote government stability and innovation in service delivery because it is consistent with the fifth Pancasila ideology’s social justice principles [45]. Social contracts, similar to social welfare programs, are believed to address power inequalities and rectify social imbalances within society, disregarding other factors that may affect the economic system [36]. This emphasizes the importance of establishing specific regulations and policies about social contracts.

In studying documents related to social welfare, it was found that before the implementation of social welfare programs in a specific area, there is a process of sensitization and community engagement to identify community needs and establish a cooperative framework. Data is gathered from concerned members through door-to-door socialization, with the village government representing the central or provincial government. Criteria such as village leaders’ assessments, educational background, social status, economic status, and day-to-day situations are used to identify social welfare program beneficiaries. These measures ensure the evolving social contract promotes equality, accessibility, and fair justice for all citizens [10].

Although interpreted differently [24], the social contract concept is now effectively implemented under social welfare and social protection frameworks in Indonesia. This unified implementation has fostered greater consensus, enhanced people’s involvement, and facilitated prompt government response regarding community-government cooperation [28]. These developments are influenced by ongoing social changes that give rise to new societal demands and needs [43], thus necessitating partnerships between the government and the community.

5. Conclusion

The findings highlight two significant factors influencing social contracts: coordination challenges within the same group and competition challenges between different groups. Understanding intra-group and inter-group dynamics is crucial to addressing these challenges effectively. The study reveals that social contracts in Indonesia primarily revolve around social welfare and social protection programs. The government plays a central role in implementing these programs, aiming to establish a direct partnership with its citizens based on inclusive participation and equal opportunities. While the concept of social contracts may not be explicitly articulated, implementing social welfare and social protection programs can be seen as a varied strategy for carrying out social contracts with different groups. The fifth Pancasila ideology’s social justice principles align with the benefits of emphasizing social welfare, including improved government stability and innovative service delivery. It is important to set precise rules and policies because social contracts and welfare programs are thought to resolve power disparities and remedy social imbalances.
In order to address the issues mentioned by participants, the study emphasizes the need for enhanced implementation tactics in social welfare and social protection programs. For national security and stability, engaging in lobbying activities and raising awareness among decision-makers and policy experts of the importance of social contracts is essential. The study advances knowledge by offering insights into Indonesia’s shifting understanding of social contracts and the significance of corporate and community cooperation in coping with environmental change. It highlights the importance of a clear social contract framework to encourage inclusive development and social harmony. The study underlines the significance of social contracts in addressing social issues and fostering collaboration between businesses and communities in Indonesia. The study has limitations, including its dependence on data and documents that are already available and may not be accurate or thorough. Future research should aim for a more comprehensive understanding of social contracts in Indonesia and explore the bottom-up approach to program implementation to align with the principles of the new social contract theory. Despite these limitations, the study provides valuable insights and sets the stage for further research on social contracts in the Indonesian context. By embracing the principles of social contracts and implementing policies that promote inclusive development and cooperation, Indonesia can work towards a more equitable and harmonious society.

6. Declarations

6.1. Author Contributions

Conceptualization, R.K. and A.H.B.; methodology, M.K.H., and A.; software, A.Y.A.; formal analysis, A.H.B. and M.K.H.; investigation, A.Y.A.; writing—original draft preparation, A.; writing—review and editing, A. and A.Y.A.; supervision, R.K. All authors have read and agreed to the published version of the manuscript.

6.2. Data Availability Statement

The data presented in this study are available on request from the corresponding author.

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The authors received no financial support for the research, authorship, and/or publication of this article.

6.4. Institutional Review Board Statement

Not applicable.

6.5. Informed Consent Statement

Not applicable.

6.6. Declaration of Competing Interest

The authors declare that there is no conflict of interests regarding the publication of this manuscript. In addition, the ethical issues, including plagiarism, informed consent, misconduct, data fabrication and/or falsification, double publication and/or submission, and redundancies have been completely observed by the authors.

7. References


