



Analysis Of Corporate Social Responsibility (Csr) Programs In Improving Welfare And Independence Of Communities Through The Development Of Smes In Pamekasan Regency

Nurul Alfian¹⁾, Runik Puji Rahayu²⁾

¹Accountancy Departement, Faculty Economic, Madura University

²Management Departement, Faculty Economic, Madura University

Abstract

This study aims to see how much the implementation and role of Corporate social responsibility (CSR) in increasing the independence and welfare of the community through the development of SMEs in Pamekasan. This research uses a descriptive method with a qualitative approach. In qualitative research, the researcher studies various selected issues, cases, and events in-depth and in detail. The results of this study are to find out how the stages and distribution of CSR programs carried out by PT Bank UMKM East Java to the community for the empowerment of SME in Pamekasan Regency and to find out how the process of applying for CSR programs and to find out how the role of CSR PT Bank UMKM in East Java Empowerment of SME in Pamekasan Regency.

Keywords: CSR, UKM development, Welfare, and independence

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I. INTRODUCTION

Corporate Social Responsibility (CSR) has become increasingly popular in various corporate circles since the enactment of Law Number 25 of 2007 concerning Investment and Law Number 40 of 2007 concerning Limited Liability Companies. Article 74 of the Limited Liability Company Law requires that companies are required to carry out the social and environmental responsibilities attached to each company and those who do not implement it will be subject to legal sanctions. Article 15 (b) of the Investment Law also requires that every investor must have an obligation to be able to carry out corporate social responsibility. Provisions on CSR are a new problem for all investors who will invest their capital directly in Indonesia. The company will budget for these obligations as part of the company's costs, which will impose them on deduction costs on gross income and potentially reduce their liabilities in future tax payable.

Various programs and strategies have been pursued in empowering Small and Medium Enterprises (SMEs). One of the synergies that are often carried out in other countries is to establish cooperation or partnerships between SMEs and large businesses. The partnership is based on the existence of business linkages through the principle of mutual need, mutual reinforcement, and mutual benefit that we often know as a "win-win solution". Various concepts of Corporate Social Responsibility (CSR) from different Governments, companies, NGOs can result in only around 20% of large companies that can implement CSR. By research and surveys that have been conducted by the Public Interest Research and Advocacy or PIRAC as concluded by Saidi (2013) showed that various forms of corporate CSR in Indonesia could be in the form of venture capital assistance (59%), business management training at (34%), business space and exhibitions at (21%), technology assistance at (13%) and assistance others (7%) allocated in the form of grants, joint promotions, special events, payroll giving and company alms. As we all know, the commitment of the government and the private sector in CSR programs can increasingly increase more varied programs, ranging from philanthropy, partnerships and community development, economic empowerment, and various other programs. This CSR program can be believed to be one of the solutions of community economic empowerment and can be a strengthening of SMEs in Indonesia.

Fauzia (2008) conducted a study using descriptive-qualitative methods and this study explored partnership strategies to strengthen MSMEs through CSR patterns. The equation of this research lies in the

research method used which is a qualitative method. Also, the difference is that sister Rizki Fauzia's research explores the partnership strategy to strengthen MSMEs through CSR patterns while the research that will be conducted by researchers carries out a strategy to build partnerships through company CSR programs.

Suparno et al (2013) conducted a study entitled "The Model of Empowerment of Micro and Small and Medium Enterprises (MSMEs) through the Corporate Social Responsibility (CSR) Program in the Cigarette Industry in Kudus". This study uses a qualitative method. Large-scale cigarette companies in the Kudus district all know about CSR (Corporate Social Responsibility) or corporate social responsibility. The knowledge was obtained from the government and the print and electronic mass media. This knowledge was also obtained because of the development of the CSR concept that is increasingly popular in the community. The assistance provided is not done through the involvement of the government or NGOs but is directly carried out by the company itself. The empowerment model that is carried out by large-scale cigarette companies is that there are foundations that are foundations and some are done by the companies themselves. Based on the results of the study it can be seen that the form of assistance from large companies to micro, small and medium-sized companies can be done/given through equipment assistance, assistance in the form of money grants, assistance in the form of capital loans with light interest, assistance in the form of management training, assistance in the form of marketing training, assistance in the form of training in the production process, assistance in the form of experts and assistance in the form of apprenticeship activities.

Netty Dyah Kurniasari (2015) conducted a study entitled "CSR Programs Based on Community Empowerment (To Increase the Productivity of Micro, Small and Medium Enterprises in Madura)", the location of this study was Madura City. Some MSME problems in Madura include packaging, marketing, and capital. First, packaging. Packaging has become one of the main problems faced by small and medium enterprises (SMEs) in Madura. Most SMEs in Madura still package their products with unattractive displays. Because there is still a view that packaging is expensive. That view is because MSMEs think that expensive tools are needed to package food or beverage products so that consumers can see them well. The packaging is the key for products to be more "sell" and have added value. Some MSME problems in Madura include packaging, marketing, and capital. First, packaging. Packaging has become one of the main problems faced by small and medium enterprises (SMEs) in Madura. Most SMEs in Madura still package their products with unattractive displays. Because there is still a view that packaging is expensive. That view is because MSMEs think that expensive tools are needed to package food or beverage products so that consumers can see them well. The packaging is the key for products to be more "sell" and have added value.

Some research on the effectiveness of CSR is no longer a public secret because it has been done a lot like research conducted by Irwanto and Prabowo (2009), which examines the effectiveness of CSR programs at PT Unilever. The results of this study indicate that the most effective CSR program is the recycling program. While research conducted by Indrawan (2011) examines the various effects of CSR programs on business performance with more emphasis on the financial aspects of business performance. So far, only a few researchers have studied the effectiveness of CSR programs in Indonesia by configuring SME profiles that consider entrepreneurial orientation, access to capital, and environmental dynamics. Thus, researchers sought to be able to conduct research related to how big the role of CSR is in increasing the independence and welfare of the community through the development of SMEs in Pamekasan

Formulation of the problem

Based on the description of the background, the formulation of the problem in this study is as follows:

1. How is the implementation of CSR programs conducted by PT Bank UMKM East Java?
2. What is the role of CSR carried out by PT Bank UMKM East Java in empowerment UKM to improve the welfare of the community in the Pamekasan regency?

II. THEORY REVIEW

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) has been put forward by many experts, including Maigan and Ferrel Susanto (2009) defining the notion of CSR as "a socially responsible business when decisions and actions have been calculated to balance various interests". This definition can emphasize the need to pay close attention to the interests of various diverse stakeholders in every decision and action taken by business people that can be carried out through socially responsible behavior. According to Wibisono (2007), Corporate Social Responsibility (CSR) is a commitment made to the business world to act ethically and can make a variety of contributions to the economic development that comes from the local community or the wider community, together with improvements to the living standards of workers and their families.

According to Putri (2007) quoted from the book Untung (2008) explains that definition of CSR (Corporate Social Responsibility) is 'a commitment to the company or the business world to contribute to sustainable economic development by paying attention to corporate social responsibility and emphasizes on

balance between attention to economic, social and environmental aspects'. According to The World Business Council for Sustainable Development Rahmatullah and Kurniati (2011), the definition of CSR is a business commitment to making various contributions to sustainable economic development, working with company employees, employee families, and local communities, society as a whole, to improve the quality of life. Thinking about CSR can now be based on company policy as a commitment to improving the quality of life in the community through cooperation between business people and the resources available in community life, so now the business world is no longer only concerned about the profits of the company alone, but also has include benefits, social and environmental aspects, commonly called the triple bottom line.

From the definition of various researchers above, it can be concluded that Corporate Social Responsibility (CSR) is a collection of various policies and practices carried out by the company per the company's ability as a form of responsibility to the community and the environment around the company relating to stakeholders, values, fulfillment legal provisions, as well as legal provisions and the commitment of the business community to participate in the economic development of the local community or the wider community in a sustainable manner. In general, CSR can be said of the corporate social responsibility. Indeed, a separate study is still needed to find the right views and thoughts in Indonesian. Furthermore, in terms of its definition, it can be concluded that the concept of CSR offers a similarity, namely the balance between attention to economic aspects and attention to social and environmental aspects.

The purpose of CSR is to build harmonious relations with the local communities who live in the area. Theoretically, CSR can be defined as the morale of a company towards its strategic stakeholders, especially the community or the community around the work area and its operations. CSR views the company as a moral agent so that the parameters of the success of a company are bound to moral and ethical principles without harming community groups. Companies in work must prioritize moral and ethical principles by providing the greatest benefit to society Mahyaruddin, (2012: 17).

Form of CSR

Rudito (2007) divides program activities that are often carried out by companies in the context of their social responsibility into three forms, namely:

1. Public Relations

This form emphasizes the inculcation of perceptions about the company to various communities, by making a social activity to instill the image that the company concerned has set aside part of its profits for social activities. This activity or business can establish a good relationship between the company and the community, especially in instilling a good perception of the company towards the community.

2. Defensive Strategy

This form can usually be carried out by the company to fend off negative assumptions about the wider community that have been embedded in the company's activities against its employees and usually to counter the negative attacks from the assumptions of various communities that have already developed.

3. A sincere desire to do good activities, which comes from the company's vision.

This form is a form of sincere desire from a company in its social responsibility activities, which is encouraged and closely related to culture. To oversee the distribution of CSR funds, PT Bank Sumut performs away by checking on the spot progress or going down directly in overseeing the implementation of CSR programs carried out by the channeling branch office if the channeling of CSR funds through a branch office. For example, there is an institution that submits a proposal for CSR funding assistance to PT Bank Sumut, if the agency's proposal is approved, the distribution of aid funds will be done by a branch office located near the agency's office. If there is no nearest PT Bank Sumut branch office, then the assistance will be sent directly by the PT Bank Sumut Headquarters CSR Team. The quota provided by PT Bank Sumut for recipients of CSR assistance to MSME actors is uncertain every year because the RAB in proposals for MSME actors aid funds varies in number each year. PT Bank Sumut has 3 pillars for CSR programs, namely the pillar of the environment, the pillar of education and entrepreneurship, and the third is the pillar of the economy. So, the assistance provided by PT Bank Sumut is based on how many proposals are submitted and how many proposals are approved. For example this year the proposal for aid requests came mostly about education, so the CSR funding assistance was mostly diverted for educational assistance such as school building repairs. Likewise with the other two pillars. For managing CSR the. This activity will always be related to Corporate Culture within the company.

CSR program

Kotler and Lee (2006) quoted in the book Ismail Solihin (2009) states that there are six categories of CSR programs. The choice of alternative CSR programs to be carried out by the company is very dependent on the objectives of the CSR implementation to be achieved by the company.

The six types of CSR programs are as follows.

1. Cause Promotions

In this program, the company provides funds or other resources that the company has to increase community awareness of a social problem or to support fundraising, community participation, or the recruitment of volunteers for a particular activity.

2. Cause-Related Marketing (CRM)

In this program, the company commits to contribute a certain percentage of its income to a social activity based on the number of product sales.

3. Corporate Social Marketing (CSM)

In this program, the company develops and implements a campaign to be able to change people's behavior to improve public health and safety, preserve the environment, and improving people's welfare.

4. Corporate Philanthropy

In this program, the company makes direct donations in the form of charity to certain communities.

5. Community Volunteering

In this program, the company provides support and encourages employees, franchise shareholders, or retailers to be able to volunteer their time to help local community organizations and the communities targeted by the program.

6. Socially Responsible Business Practice (Community Development)

In this program, the company carries out business activities beyond the business activities required by law and carries out investments that support social activities to improve community welfare and protect the environment.

CSR Implementation

The development of Corporate Social Responsibility (CSR) in the context in Indonesia itself can be seen in two different perspectives in this case that has been explained. First, implementing CSR is part of business practices that voluntarily originate from company initiatives. Second, the implementation of CSR is no longer a part of business practices that are carried out voluntarily, but the implementation has been regulated based on laws that can be mandatory. Conceptually, CSR in Indonesia still needs to be sorted out how CSR is implemented by large companies, small and medium-sized companies, because all this time the systematics and stages of implementing CSR began by looking at the needs of the surrounding community.

By identifying the problems that will then be found the right solution and the best according to the needs of each community. After that, make an action plan, complete with budget and schedule as well as the designated human resources to do it. Monitoring can be done through surveys and field visits. Community empowerment is one approach that must be the main principle for all government and corporate units in carrying out their duties, authority, and functions in providing social services. According to economic principles, community empowerment is a process of opportunity for economic actors to obtain surplus value as human rights are involved in various production activities.

Empowerment of Small and Medium Enterprises (UKM)

Empowerment of UKM is intended is an effort to build SMEs by encouraging, motivating, and raising awareness of the various potentials of these SMEs and trying to develop them. Law Number 20 of 2008 concerning Small and Medium Enterprises explains that empowerment is one of the efforts made by the Government, Regional Governments, Business World, and the community in synergy in the form of climate growth and business development towards Small and Medium Enterprises so that they can grow and develop and be able to compete into a tough and independent business.

Implementation Model of Corporate Social Responsibility (CSR) in Empowering UKM

The first policy and strategy is a translation of the function of government as part of the regulator in economic activities in society. Therefore, the government must be able to develop economic regulations that can provide a level of business certainty that can at the same time provide the right partiality for all SMEs in running and developing their businesses. The second policy and strategy are part of a breakthrough solution to the existence of a "gap" between SMEs, and banking / non-bank financial institutions, in terms of capital/business financing. Empirically, so far, UKM especially micro-businesses, have been very difficult to meet the 5-C criteria (character, conditions of the economy, capacity to repay, capital, collateral) which are standard rules/mechanisms of banking selection in channeling loans to finance businesses and capital.

Research methods

This research belongs to the category of descriptive qualitative research. Qualitative research is not intended to make generalizations from research. Therefore the research subject will provide the information

needed during the research process. Research informants are expected to have a lot of experience regarding the background of the research conducted.

The informants in this study are:

1. Key informant, (key informant),

Namely, those who know and have the basic information needed in research. This is the key informant of the researcher is the Head of the PT Bank UMKM Pamekasan CSR Sector.

2. Main informant,

Is those who are directly involved in the social interactions under study. This is the main informant is a non-governmental organization or group of community organizations that have received assistance from PT Bank UMKM.

Data analysis

According to Miles and Huberman (1994) and Faisal (2003) in Sujarweni (2015) data analysis was carried out during data collection in the field and after all data was collected with an interactive technical analysis model.

Data analysis takes place simultaneously with the data collection process with the following stages:

1. Data reduction
2. data presentation
3. conclusion and verification
4. conclusions

III. RESEARCH RESULT

PT Bank UMKM East Java is a foreign exchange development bank founded in 1984/85. PT Bank UMKM East Java Starting when the East Java Government issued a policy in the field of credit to encourage the development of small businesses, by forming a Rural Credit called the Small People's Business Credit (KURK). PT Bank UMKM East Java has a CSR program that was budgeted in 2011 but was active and running in 2014 with the creation of a CSR team. The CSR program at PT Bank UMKM East Java is related to three pillars, the first is the environmental pillar, the second is the pillar of education and entrepreneurship and the third is the economic pillar. The distribution of aid in the form of funds or physical which will be given by PT Bank UMKM East Java to the institutions receiving CSR assistance has several stages and procedures. The agency or the SME party must make a proposal for submission of funds clearly that includes self-information data from the beneficiary and provides a list of RAB. When the proposal has been submitted, then the next step is PT Bank UMKM East Java will check and verify the proposal submitted, if the proposal is perfect and per the stipulations specified by the Bank, then the realization or financing of the proposal will be carried out. The participation of PT Bank UMKM East Java in the empowerment of UKM is to assist in the form of funding and physical. But what runs it and empowers it is the institutions that receive CSR assistance. PT Bank UMKM East Java only helps to oversee the institution and also participates in providing socialization and coaching to surrounding communities that receive CSR assistance.

Based on the results of the analysis of interviews from both key informants and key informants, it can be seen that PT Bank UMKM East Java can do CSR or Corporate Social Responsibility in other words is how the Corporate Social Responsibility to the community in Pamekasan Regency. In this study, the authors focused on the CSR assistance of PT Bank UMKM East Java in empowering SMEs in Pamekasan Regency. PT Bank UMKM East Java can assist the community through either institutions or community organizations, in the form of financial or physical assistance, all of that depends on the requestor RAB of the institution or community organization that submits the proposal. In addition to providing funding assistance to the UKM, it turns out that the CSR program of the UMKM Bank in East Java provides training and guidance to the target SMEs. this can make a significant contribution to the assisted SMEs on how to continue as viable as possible.

According to the researcher, the assistance provided by PT Bank UMKM East Java has been very good. Of the three CSR programs implemented including funding, training, and coaching, it is very helpful for the community as well as for SMEs to be able to carry out long-term performance problems. Moreover, many problems occur in SMEs, especially in Pamekasan Regency, including those for the community, for the marketing process that still uses manually, meaning that the seller is waiting for the buyer to buy his product. whereas at present there are various ways to market their products one of which is selling products online, we know that at this time technology is getting more advanced so that from this CSR program can get training that in marketing products to the wider community is not only done manually but can utilize technology through social media. so it does not rule out the possibility that the products we offer can be known by the wider community. then the second problem is that when selling batik can be seen there will be a difference between the sale of batik that is sold without being carried out packaging / sold without being packaged with the sale of

batik that is sold by packaging so if the product is sold with attractive packaging then can add value or added value to the product, the item will probably be able to compete with other products.

IV. CONCLUSION

Based on the results of the analysis and discussion described above, several conclusions can be drawn, including the following:

1. CSR of PT Bank UMKM East Java has been established since 2014. Stages and procedures in the distribution of CSR to SMEs are accepting proposals for assistance programs for SMEs from the coordination team or organizations or community institutions, then from the CSR unit to analyze the feasibility of the proposal or proposal from the program. If approved, the realization will be carried out through branch offices or CSR units directly to the accounts of institutions or community organizations. Then the institution or community organization can spend the funds that have been given per what was stated in the RAB (Budget Plan) listed in the proposal. Then PT Bank UMKM East Java will oversee how the development of SMEs that are shaded and fostered by these institutions or community organizations. Then from the institution will continue to provide reports on the extent to which the development of SMEs goes to PT Bank UMKM East Java. At that time PT Bank UMKM East Java was still supervising and controlling, and the supervision would end when the program period between the two parties had been completed.
2. The role of PT Bank UMKM East Java's CSR runs per the vision and mission of PT Bank UMKM East Java "To become the mainstay bank to provide the best contribution to develop East Java through a variety of best service products and participate in encouraging the growth of the economy of East Java through the development of MSMEs (Micro Enterprises Small and Medium) and cooperatives in the regions and rural areas. " Through CSR PT Bank UMKM East Java against SMEs is expected that CSR assistance can help and encourage various levels of the economy and regional development. Then the role of PT Bank UMKM East Java CSR is to bridge or assist in realizing government programs to empower SMEs in Pamekasan Regency.

V. SUGGESTION

Based on the research that has been done, the authors provide some suggestions that are expected to make input to companies providing CSR to SMEs. PT Bank UMKM East Java should prioritize CSR assistance to empower SMEs so that SMEs in Pamekasan Regency who need financial or physical assistance can be more advanced and able to compete with other businesses. With the number of SMEs advancing in Pamekasan Regency, this can be a symbol in Pamekasan Regency.

Pamekasan Regency can become a Trading City if the SME market develops well. Added value and profit for the company itself, the more SMEs in Pamekasan Regency, the more customers will save at PT Bank UMKM East Java, so that it will be an advantage for PT Bank UMKM East Java Pamekasan. The next suggestion is that it is expected for PT Bank UMKM East Java to go directly to the field and look for SMEs who are creative but need special attention. That is, the UKM in getting CSR assistance is not by submitting a proposal, but by getting direct attention from PT Bank UMKM East Java itself.

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