
THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY CAPITAL ON MSME BUSINESS DEVELOPMENT

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Abstract

PT. Len Industri as a state-owned company has CSR responsibilities for MSME fostered partners. The purpose of this research is to describe the effectiveness of the BUMN partnership program that has been implemented by PT. Len Industri. This research method uses a descriptive method using qualitative analysis by analyzing the effectiveness of the Partnership Program with indicators of micro, small and medium enterprise growth, which involves six communities from the Micro, Small and Medium Enterprise Partnership Program. According to the results of research carried out using interviews, observation and documentation so that researchers can conclude that the effectiveness of the Partnership Program in the micro, small and medium business growth sectors has been running quite effectively and in accordance with the objectives of the Partnership Program, all of which can be proven from the conclusions of each indicator of effectiveness. PT Partnership Program Recommendations. Len Industri to evaluate the results of the Partnership training program that has been carried out for the development of the Micro, Small and Medium Enterprises Partnership Program, MSMEs also need to hold discussions to determine the CSR absorption that will be accepted and the PT's allocation. Len provides training needed by MSMEs in an effort to increase capacity to support MSME productivity

Keywords: Corporate Social Responsibility, Business Development, MSMEs

Introduction

Micro, Small and Medium Enterprises (MSMEs) have an important role in economic development after the Covid-19 pandemic. To realize economic growth, the development orientation will be aimed at revitalizing the agricultural and rural sectors as well as the development of the real sector, especially cooperatives and SMEs to establish MSME Development (Janti, 2012). On the other hand, MSMEs also have limited ability to access productive resources, especially capital, technology, information and markets. In terms of funding, most of the financial institution service products are still in the form of working capital loans, while investment loans are still very limited. For MSMEs, this situation makes it difficult to increase business capacity or develop products that can compete in the market. Apart from the loan requirements which are not easy to fulfill, such as the amount of collateral; and the existence of a paradigm in the banking world that views MSMEs as high-risk activities. Every year, the scale of loan amounts from banks is up to Rp. 50 million, only around 24% was absorbed into the productive sector, the rest was absorbed into the consumer sector. At the same time, mastery of technology, management, information and markets is still far from sufficient and requires relatively large costs to be managed independently by MSMEs. Meanwhile, the availability of institutions that provide services in this field is also very limited and not evenly distributed across all regions. The role of the community and the business world in serving MSMEs has also not developed, because services to MSMEs are still considered less profitable. This is a challenge for MSME players. Low interest rates, inflation, and the value of the rupiah relative to the dollar are all examples of macroeconomic conditions. In order to avoid financial difficulties, businesses need to regularly analyze their financial statements (Ramadhani & Lukviarman, 2009). The decline in the rupiah exchange rate reached Rp. 14,000 in 2018 which became a threat to companies operating in Indonesia. Erratic exchange rate movements indicate that a country's economic instability (Muatthoroh, 2019). This will also have an impact on production activities which will cause sales to the company to decrease due to reduced demand (Darmawan, 2017).

The existence of State-Owned Enterprises (BUMN) has strategic roles and functions as well as responsibilities for the Micro, Small and Medium Enterprises (MSMEs) sector (Maulana Agung, 2013). According to Wardoyo (2005), one of the main problems for MSMEs in developing their business to face the global market is due to weak capital.

According to Rosid in the management module (2008), lack of capital is the main factor that plays the most role and is needed in developing MSMEs. The MSME sector has problems with capital, due to the start of a business with limited and personal capital and low access to financial institutions. MSME development is carried out by utilizing CSR funds. A total of 200 MSMEs under the guidance of PT. Len Industri Bandung is listed as a recipient of CSR results for additional working capital in production activities and product marketing in order to increase the productivity of these MSMEs. PT. Len Industri Bandung is a company engaged in industrial electronics and infrastructure business to the global stage with international business standards. It is hoped that MSMEs can maximize the results of CSR in developing the productivity of these MSMEs. Based on the results of observations with several MSMEs assisted by PT. Len Industri, it was stated that the absorption of CSR results had not been maximally obtained by MSMEs as much as 78% of MSMEs did not get their rights so that it was not in accordance with the expectations of these MSMEs in its implementation.

Research Method

This research is a descriptive research and with a qualitative approach, so this research only uses one independent variable, namely CSR absorption, a comparison between the process of implementing the Partnership Program and the results that have been achieved in accordance with the objectives of the partnership program, which in research is the development of MSMEs that become Partners PT. Len Industri To determine the extent to which the effectiveness of the program in this study used two research focuses, namely: The Process of Implementing the Partnership Program and Its Impact on the Development of MSME Foster Partners. The indicator of the research focus is the development of MSME Foster Partners, the impact after participating in the Partnership Program coaching is increasing profits in business and increasing the workforce. In accordance with the focus of the research, the informants were also divided into two parts . The focus informants are MSME owners who are PT's Foster Partners. Len Industri The types of data used in this study are primary data and secondary data, primary data obtained from interviews or interviews and observations while secondary data comes from documents related to research. The technique used to analyze the data that has been obtained is to use qualitative descriptive analysis techniques. The way to describe qualitative data is to compile and classify existing data and according to the research focus so that it provides a real picture in the field of the informants who have been studied. According to Moleong (2006) "A study will not be valid if it is not reliable, then qualitative research will not be transferable if it is not credible. It is necessary to carry out techniques to check the validity of the data by utilizing various sources other than the data as comparison material." So the technique used to determine the validity of the data in this research is to use the triangulation technique.

Results

Increasing Profit in Business.

Capital assistance provided by PT. Len Industri, of course, plays a very important role in helping increase business profits. The fact shows that there has been an increase in profits from MSME Foster Partners before receiving funds from the Partnership Program of PT. Len Industri. The comparison after receiving the funds is proof that the Foster Partners' business has developed. However, there are some MSMEs that do not significantly increase their profits, because they provide too little capital. The influence of the amount of capital also has a significant influence, because in the complex business world, there are still many factors that influence the development of MSMEs, starting from external factors and internal business factors, plus the entrepreneurial skills of each individual are different. If there is a decrease in profits, this is because business competition is so tight that it requires the Foster Partners to improve the quality of raw materials, thereby increasing production costs and resulting in reduced business profits.

Workforce Enhancement .

In fact, there has not been a significant change in the increase in the workforce for the Foster Partners business, but there are several businesses that have reduced their workforce due to funds provided by PT. Len Industri is used to improve technology in business. The following is what Mr. Indra (Business Partner of PT. Len Industri) said: "There were six employees, before receiving the funds, the number of employees was even larger, more first, at that time no loans were given. All of this is because the equipment is still manual, automatically more and more labor is needed at that time. After getting a loan, we used machines so we reduced the number of employees." (interview 08-15-2023).

The addition of workers is usually accompanied by an increase in the number of products produced. But as technology develops, equipment becomes easier to use and human labor is replaced by automatic machines. Every change is always accompanied by good and bad depending on each individual's point of view.

PT Partnership Program. Len Industri in the Development of MSME Foster Partners. Overall the impact of the Partnership Program is very good development of Fostered Partner MSMEs. Starting from soft loans to training for MSMEs to develop, grow, survive and become independent, it is in accordance with the vision and mission of the PT Partnership Program. Len. The various advantages contained in this program are an attraction for MSME actors. Partnering business actors are also assisted in marketing their products, from attending free exhibitions to flexible installment payments. which is charged to Foster Partners so that MSMEs are able to improve business capabilities. However, there are still a number of MSMEs that have not received the results of the CSR so that an evaluation is still needed for PT. Len Industri Bandung.

Discussion

Based on each of the conclusions, the focus of research on program implementation and development of MSME Foster Partners in measuring the level of effectiveness of the PT. Len Industri can be concluded that the effectiveness in terms of In terms of implementation carried out by PT. Len Industries in Partnership Program for MSME development is progressing quite well and in accordance with existing procedures and determined by the Minister of BUMN. In its implementation so far the Program The partnerships that have been carried out have led to the development of MSMEs. Start from soft loans to training for MSMEs to develop, grow, survive and become independent, in accordance with the vision and mission of the Partnership Program

Conclusion

Based on the research that has been carried out by researchers, several conclusions are obtained regarding the effectiveness of the PT. Len Industri Bandung Partnership Program as follows:

1. Effectiveness of the BUMN Partnership Program in the development of MSME partners fostered by PT. Len Industri is running quite effectively, this is evidenced by the implementation of the Partnership Program which is in accordance with the Partnership Program procedures which have a positive impact on the Development of MSME Foster Partners.
2. Factors supporting the effectiveness of the PT Partnership Program. Len Industries namely:
 - a) ease of access to this program.
 - b) Fostered Partner MSMEs receive guidance in the form of development training
 - c) the business he is engaged in.

Suggetion

Based on the conclusions previously described, suggestions that can be given by the author for factors that support and hinder the Partnership Program include:

1. PT. Len evaluates the absorption of CSR funds received by MSMEs by requesting financial reports from these MSMEs
2. MSMEs hold discussions to determine the CSR absorption that will be received and its allocation
3. PT. Len provides the training needed by MSMEs in an effort to increase capacity that supports MSME productivity

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