

Micro Business Empowerment Model through Corporate Social Responsibility (CSR) Program in Magetan District

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Abstract: *The purpose of this study is: to find out the right model in the Corporate Social Responsibility (CSR) program for large companies in the context of empowering small and micro businesses in Magetan Regency. This research was carried out by taking a location in the area of Magetan District Government. In designing a micro business empowerment model based on data collected, processed and analyzed up to interpretation and conclusion, strengthened / supplemented with various. The research findings show that the right empowerment model for small and micro enterprises is a partnership model with a policy in the form of the need for business capital assistance facilities with low interest rates.*

Keywords: empowerment model, micro business, CSR

1. Introduction

Empowerment of small and micro businesses in the midst of globalization and the high competition, making small and micro enterprises must be able to face global challenges, such as improving product and service innovation, developing human resources and technology, and expanding the marketing area. This needs to be done to increase the selling value of small and micro businesses themselves, especially to be able to compete with products that are increasingly flooding industrial centers and manufacturing in Indonesia, considering small and micro businesses are economic sectors that are able to absorb the largest labor force in Indonesia (Sudaryanto, 2011).

Most micro and small businesses in Indonesia are micro-enterprises in the informal sector and generally use local raw materials with local markets. That is why it is not directly affected by the global crisis. The 2010 World Economic Forum (WEF) report places the Indonesian market in rank-15. This shows that Indonesia is a potential market for other countries. This potential has not been maximally utilized by micro and small businesses.

The development of small and micro enterprises in Indonesia is still faced with a variety of problems, causing weak competitiveness of imported products. The main problems faced by small and micro enterprises, among others, are limited infrastructure and government access related to licensing and bureaucracy and high rates of levies. With all the problems, the potential of large micro and small businesses is hampered. Even though small and micro businesses are said to be able to survive the global crisis, but in reality the problems faced are very many and more severe. That is because in addition to being influenced indirectly by the global crisis, small and micro enterprises must also face domestic problems that have not been resolved such as the problem of labor wages, employment

and illegal fees, corruption and others. In addition, it is necessary to improve the quality of human resources and entrepreneurial spirit, utilize information technology, build a wider market network. Indeed, in plain view, we will witness the stretch of the economy of the community in the scale of micro, small and medium enterprises that generally join cooperatives.

Given the large contribution of small and micro enterprises in sustaining Indonesia's economic prosperity and growth, it is a rational reason why this agenda needs to be pushed. The number of micro and small businesses is more than 99% of the total companies in Indonesia. The main obstacles for micro and small businesses in accessing credit from formal financial institutions are the absence or incompleteness of documents for loan applications. Whereas the absence of collateral is only the second obstacle.

There are still doubts from the banking sector in lending to small and micro businesses, mainly related to the risk profile of prospective small and micro business debtors which is an obstacle for small and micro businesses to develop and be able to win global competition. The central bank itself has issued a minimum rule of lending to the small and micro business segments of 20% of total loans. This rule will be implemented in stages, and the portion will be seen at least 5% of total loans in 2015, 10% in 2016, 15% in 2017, before finally having to at least 20% in 2018.

The movement for empowering small and micro businesses must be taken seriously by the government, of course, in collaboration with BUMN and BUMD, Non-Governmental Organizations and Universities. The efforts to develop and empower Micro, Small and Medium Enterprises (MSMEs) today receive considerable attention from various parties, including government, banking, private sector, non-governmental organizations and international institutions. This is motivated by the magnitude of the potential of

MSMEs that need to be effective as a driving force for the national economy after experiencing a prolonged economic crisis. The role of MSMEs in the domestic economy has increased, especially after the 1998 crisis. When banks faced difficulties in finding debtors who did not have problems, MSMEs became an alternative bank lending.

As an effort to improve the capabilities and participation of micro and small business institutions in the national economy, empowerment needs to be carried out by the central and regional governments, the special business world of BUMN and BUMD as well as the community as a whole, synergistic and sustainable.

2. Research Purposes

By referring to the background, the issues to be discussed are: (1) What is the implementation of the Corporate Social Responsibility (CSR) program for large companies in the context of empowering small and micro businesses in Magetan Regency? (2) What are the obstacles to the Corporate Social Responsibility (CSR) program for large companies in the context of empowering small and micro businesses in Magetan Regency? and (3) What is the right model in the CSR program of large companies in the context of empowering small and micro businesses in Magetan Regency?

Based on the problems that are sought for solutions and answers, the purpose of this study are: (1) To determine the implementation of the Corporate Social Responsibility (CSR) program in large companies in the context of empowering small and micro businesses in Magetan Regency. (2) To find out the constraints of the Corporate Social Responsibility (CSR) program in large companies in the context of empowering small and micro businesses in Magetan Regency and (3) To find out the right model in Corporate Social Responsibility (CSR) programs for large companies in the context of business empowerment small and micro in Magetan Regency.

3. Research Methods

1. Location and Object of Research

This research was carried out by taking a location in the area of Magetan District Government. While the object of this research is small and medium micro businesses in the Magetan Regency area.

2. Samples and Research Respondents

Sampling uses a multi-stage sampling technique, and the object of research is staff and officials of the Micro, Cooperative and Micro Business Office, Bappeda, and the Economic Section of the Magetan Regency Regional Secretariat officials and micro and small business actors in the Magetan Regency. Then partially taken to be used as a sample / respondent of the study by "Purposive Sampling".

3. Data Collection Techniques

In designing a micro business empowerment model based on data collected, processed and analyzed up to interpretation and conclusion, strengthened / supplemented with various.

Data collection techniques include questionnaires, interviews, observation and documentation.

4. Research Analysis Methods

Data analysis methods use interactive models. According to Matthew B. Miles and Michael Huberman in Moleong (2000), explained that in carrying out the analysis process the main components that need to be considered after data collection are:

- 1) Data reduction, namely the process of selecting, simplifying, abstracting and transforming rough data from written records in the field until the final complete report is arranged.
- 2) Presentation of data, namely a set of information arranged in order to give the possibility of drawing conclusions. In presenting this data, it is done after reducing the data to be used as report material.
- 3) Draw conclusions or verification, namely in the form of essence of the presentation of data which is the result of the analysis carried out in the study

4. Research Result

4.1 Implementation of CSR in the empowerment of micro businesses

Small and micro businesses are the most strategic national economic sector and concern the lives of many people, thus becoming the backbone of the national economy. Micro-enterprises are also the largest group of economic actors in the economy in Indonesia and have proven to be the key to safeguarding the national economy in times of economic crisis, as well as being a dynamic of post-crisis economic growth. Micro businesses that have a sales turnover of less than one billion, and small businesses have sales turnover in the range of one billion, and medium-sized businesses with sales turnover of over one billion per year, have a very large role in the nation's development process.

Forms of activities carried out by large companies in the context of Corporate Social Responsibility (CSR) programs in the context of empowering small and micro businesses are provided through equipment assistance, assistance in the form of money grants, assistance in the form of capital loans with low interest, assistance in the form of management training, assistance in marketing training assistance in the form of training in the production process, assistance in the form of experts and assistance in the form of internships. Other forms of assistance from large companies to micro, small and medium enterprises are carried out in the form of assistance in the form of training in the production process.

In general, the implementation of CSR by large companies depends on consideration of the existence of benefits or not for both the company and stakeholders, one of which is micro and small businesses.

Medium and large-scale companies that implement CSR, especially in the economic field are still very limited, especially in the economic field related to the empowerment of small and micro businesses. However, there are still other large companies, although the percentage is not significant

in implementing CSR by providing assistance to small and micro businesses.

The assistance provided is not done through the involvement of government, universities or NGOs. The empowerment model is carried out by large-scale companies, namely those who set up foundations (foundations) and some that are carried out by the companies concerned themselves.

Based on the results of the study, it can be seen that the form of assistance of large companies to micro-enterprises can be done through equipment assistance, assistance in the form of grants of money, assistance in the form of capital loans with low interest, assistance in the form of management training, assistance in the form of marketing training, assistance in the form of production process assistance experts and assistance in the form of internships. However, all micro-enterprises hope that assistance will be provided in the form of capital loans with low interest.

The form of participation or assistance of large companies through CSR programs to micro-enterprises is carried out quite directly, no need to involve the government or non-governmental organizations (NGOs). The government is expected to participate in regulating or giving direction to large companies operating in an area so that large companies are required to assist micro-businesses.

One form of assistance that can be given by large companies is by disbursing low interest capital loans. The aim is to help micro and small businesses advance their businesses. The Magetan Regency Government through the Cooperative and Micro Business Office has implemented the program, namely by disbursing capital assistance to small entrepreneurs. Even though it is still limited, the loan is expected to be an example for large companies to care about micro-businesses.

Disbursement of funds is given after the micro and small businesses have successfully passed the feasibility selection stage. The development of small and micro enterprises must be run with government policies to regrow production activities based on people's economy and export oriented. Free trade in addition to providing opportunities for micro and small businesses to expand the market as well as a challenge that needs to be watched out, because competition will be increasingly tight, not only with competitors in the country but also must deal with outside competitors. Therefore, small and micro enterprises must try to strengthen themselves

4.2 Constraints to Micro Business Empowerment

The main obstacle in the development of small and micro enterprises is due to the limited capital they have. Capital is really needed, but that does not mean that only because of the limited capital of the business actor that it cannot develop its business. There are many ways that can be done to develop and expand business, this requires analysis, in-depth thinking and hard work that is better, smarter and more efficient, and the right strategy. Money does make things easier, but money may not solve the problem of a business. There are also many companies that are injected

with capital continuously, but in reality, even though they appear to be developing, they are still losing money. This happened, among others, due to poor management, or inappropriate business development strategies.

Likewise with small and micro businesses in Magetan Regency, even though they are assisted with funding or interest-free loans, but if small and micro businesses cannot properly manage the capital disbursed for the development of their businesses, even the capital might be a disaster and making his business go bankrupt.

Some internal factors which have become obstacles for small and micro enterprises in Magetan Regency when they have received capital assistance for business development (especially Micro businesses) both from government programs and the assistance of several large-scale companies are:

1. Lack of human resource capacity in bookkeeping and managerial, where daily needs cannot be separated from the bookkeeping of their business, so even if they get business capital assistance, often the capital is used to cover their increasingly diverse routine or daily needs.
2. Low discipline of business actors in managing their business. Even though the development capital he obtained was directly used for the development of his business, but when his efforts began to develop, the desires and personal needs of the businessman also increased sharply. Goods or tools that should not be needed, can become a necessity that has been necessary and even developed into a mandatory requirement. Finally it has an impact on the stability of its business.
3. Culture and customs that often damage the books of business people. For example, the party culture, and thanksgiving that cannot be managed between desire and ability, which ultimately can reduce the capital of the business.
4. Factors of prestige, self-esteem, and want to be praised are actually misguided understanding in the business world, so that business capital can be used first for other purposes in order to satisfy their desires and desires, for inner satisfaction and momentary happiness.
5. The vision and mission of business development that is not yet systemic and measurable which results in the development capital not being used properly, efficiently and clearly. Finally, the capital was wasted because of a strategy error.
6. Lack of innovation ability and instincts of small and micro entrepreneurs in making the best use of the capital they obtain

In addition to the internal factors of small and micro business actors, there are also many external factors that affect the failure of small and micro business development, such as:

- 1) Tighter competition against fellow local and foreign business actors.
- 2) Low public awareness to love and use domestic products.
- 3) The high cost of production due to rising prices of raw material production in the market and the high cost of transportation which is influenced by the high price of fuel oil plus official or unofficial levies carried out by

- government institutions, individual officials / communities;
- 4) The bureaucratic process is still long and complicated.
- (5) Sources of capital from individual capital holders and institutions in the name of cooperatives, sometimes the interest is still high.

Thus it can be concluded that the problem of developing and empowering small and micro businesses in Indonesia, not only because of capital problems, but many internal and external factors that must be improved so that the goals of developing and empowering small and micro businesses can run well and successfully. External factors that need to be developed to help accelerate the development of micro and small businesses are the participation of large companies. This is based on a new paradigm in companies that companies as part of the community in general or the community / corporate community need to help each other with other companies, especially small and micro businesses. So, the company is not only pursuing profits, but also must be involved in fulfilling people's welfare (people), and actively participating in protecting the environment (planet).

4.3 Micro business empowerment model

One way that is considered quite effective is by establishing partnerships with other small and micro businesses, both with small and micro businesses, as well as with small and micro businesses engaged in the downstream sector or upstream sector and at the same time partnerships with large companies. The empirical reality shows that in addition to quality problems, the weaknesses of small and micro enterprises have also been lack of access to market, technology and capital information, so that small and micro businesses are unable to meet market demand. With the synergy between small and micro businesses, it is expected that micro and small businesses will be stronger and able to compete not only in the domestic market but also in the global market.

The partnership model with small and micro businesses already exists but is still a small part. Small and micro businesses in general have not been well patterned, and are temporary or at times.

The main target of this integrated small and micro business partnership model is to help various problems faced by small and micro enterprises both in the fields of marketing, production processes, raw materials, etc., while the financing/capital problems are assumed to be handled more specifically through the model business financing. Integrated identification and analysis of partnerships rests on how linkages between small and micro enterprises or the links between small and micro businesses with large businesses can be effective in the sense that they generate mutual benefits from each of the parties involved. In terms of marketing, small and micro businesses can market goods and possibly services as end products or intermediate products that will still be processed by other business units.

5. Conclusion

From the results of the above research it can be concluded that:

- 1) The participatory empowerment model is an empowerment process that comes from the government and / or company (BUMN) with the community, by the government, companies (BUMN) and the community, and is intended for the community (micro and small business actors). The level of participation of large companies in the Corporate Social Responsibility (CSR) program has not been maximized and the micro-enterprises in the Magetan District have not felt the benefits.
- 2) The constraints of small and micro enterprises in Magetan Regency when they have received capital assistance for business development (especially Micro businesses) both from government programs and the assistance of several large-scale companies are: (1) Lack of human resource capacity in bookkeeping and managerial , where daily needs cannot be separated from the bookkeeping of the business, so that even if they get business capital assistance, often the capital is used to cover the increasingly diverse routine or daily living needs. (2) Low discipline of business actors in managing their business.
- 3) The right empowerment model for small and micro enterprises is a partnership model with a policy in the form of the need for business capital assistance facilities with low interest and carried out directly by the company.

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