

Implementation of Corporate Social Responsibility Policy (CSR) To Empower Small, Micro, Medium Economy (SMEs)

by Mahmudah Enny W, J. Andy Hartanto, Rr Herini Siti Aisyah, Budiono

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Implementation of Corporate Social Responsibility Policy (CSR) To Empower Small, Micro, Medium Economy (SMEs)

Dr. Hj. Mahmudah Enny W., Dra., Ec., M. Si*, Dr. J. Andy Hartanto., SH., MH.
Dr. Rr Herini Siti Aisyah, SH, MH, Budiono, SE., M. Ak., Ak.
Bhayangkara University-Surabaya-Indonesia

Abstract: CSR is an opportunity for anyone, who can make use of it, to create some creative and innovative products resulting from some productive activities. The involvement of all parties is seriously required to support and to totally change the image of CSR from the social assistance or charity to educative and productive programs which are able to motivate the community living around the company to give their positive responses. Although CSR forum has been established in the district levels, the role of government is still necessary and even should be much more optimized so that the companies realize that the government fully support the implementation of CSR programs.

Keywords: CSR, Entrepreneurship, Government

I. Introduction

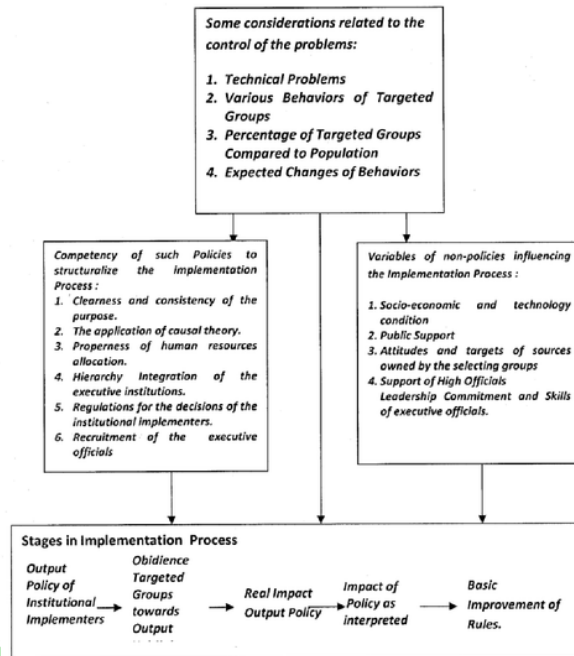
Whether Corporate Social Responsibility (CSR) has a significant effect on the surrounding community, it depends on the strategies of the implementation of the CSR programs to respond the current issues faced by the community. (Dyah Ayu Setyaningrum, <http://eprints.undip.ac.id>) The support of the local governments is highly needed to implement the CSR policy. They can issue some regulations and establish an independent body to avoid conflicts of interest and possibly synergize the governments, companies and communities resulting in a mutual symbiosis that can grow and develop Small, Micro, Medium Economy (SMEs) (Heru irianto, 2014) Based on some experiences, there were many companies only performing the operational activities but less paying attention to the social interests (Sukarmi, 2010) The opportunity to develop SMEs through CSR is widely open after Act No. 40 of 2007, regulating the liability and the responsibility of the company to program and implement CSR, has been issued by the government.

II. Library Studies

The aim of CSR programs is to increase and improve the role of the company in the social community. It is very important because as a business entity, a company cannot stand alone without the support of the community. In economics, the philosophy of maximizing the company profits cannot be achieved when the products are not well sold in the market. (Andi Mapisangka, 2009: 44) Community Development is not new, but at the moment social activities of companies in Indonesia are just helping the members of the community with their short-term difficulties or even in the form of charity. CSR activities are as a form of social solidarity of the company and they are useful for not only the community, but also the image of the company. Through appropriate publications, CSR will greatly help build a kind of cooperation between the communities and the company known as good corporate citizenship. (<http://informasi-seminar.com/aplikasi>) Theoretically the following description explains the framework of the analysis of the implementation of public policy which can be used to analyze the implementation of CSR for more productive activities.

Framework of Analysis of Implementation of Public Policy

(AG.Subarsono, 2005:101).



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Implementation of CSR obligations as stipulated in Act No. 25 of 2007 on Investment, Article 15, paragraph b mentions that every investor is obliged to implement corporate social responsibility; if the rules are not obeyed, some administrative sanctions in the forms written warnings, restrictions, congealing or revocation of business activities and/or investment facilities (Article 34 paragraph (1) of Law No. 25 of 2007), are bestowed. A CSR program is said to be sustainable if a program created by a company is really a joint commitment of all the elements in the company itself (<http://businessenvironment.wordpress.com/2007/>)

III. Methods

A qualitative approach with multidisciplinary studies was applied in the study. The main sources of information were the regional governments, some companies and communities determined by *Snow Bolling entry points* with the entry points of the companies implementing the CSR policy. Interviews and focus group discussion were conducted to obtain the data. This research was carried out in Sidoarjo, East Java.

IV. Results And Discussion

Models of implementation such as the policies issued by the local governments have been on the right tract. It is understandable that to implement the new policies effectively is a time-consuming process. As a new policy in the local government, the implementation of CSR policy is still in its early stages of dissemination to the district levels. The function of the government and the local governments in the monitoring and taking advantage of CSR funds for the development of SMEs is still weak. In the implementation of CSR, the governments of districts and of Desa/Kelurahan were truly the spearheads because they often have direct interactions with the company and the community. Due to some limitations in the competency and capability of the existing Human Resources, they were not able to encourage or accommodate and identify the interests of the society and of the company so that there was still a gap around the government, companies and communities leading to ineffective CSR implementation. Based on the results of the study in the filed, it could be stated that the implementation of CSR Forum at district level was not optimal because of several reasons. They are as follows:

1. *Lack of socialization.* Although socialization of CSR policy had already been done by the district government, the lower level government of *Desa/Kelurahan* did not take any expected actions to respond it. Regular meetings among the parties involved were very important to introduce and socialize the CSR

- programs within the framework of coordination, integration, synergy, and synchronization of planning in the implementation.
2. *Working culture.* Immediate response towards the government policy through its implementation was highly necessary to achieve the objectives. Although the reform had been established since 1998, it could not change the working culture of the bureaucracies to be more responsive to every policy already taken. Local leaders with strong visions and missions were highly required to change such condition to be more productive and to empower the local economy through CSR and SMEs. If the CSR policy for the development of SMEs was not immediately responded, it would be a great loss.
 3. Commitment of all parties. CSR programs were the interest of all parties and their implementation required the strong commitment of all parties. Awareness, cooperation, participation and consistency were the keys to reach the success. They had to make some serious efforts and look for opportunities continuously for the mutual beneficial partnership involving the government, the companies and the society.
 4. *Readiness of the local governments.* Anyone who was ready to seize the opportunities of CSR programs, he would succeed. Unfortunately, not all districts in Sidoarjo were ready to immediately implement CSR programs. Only some districts were really prepared to make a program for the development of SMEs in the region. CSR program is an excellent opportunity for economic development in the region because a lot of funds has been allocated by the company to promote the development of the local economy.
 5. Not yet to be a priority. CSR program has not been considered to be a priority by both the local government and by the company. Due to the demands of the main tasks, the governments and the companies could not totally focus on CSR programs. They considered them as such additional and less important tasks. Pioneers with strong willingness were highly required to be actively involved in the implementation of CSR programs at lower levels. CSR programs were still considered to be such a burden by most companies so that they were less proactive. They involved merely as an attempt to obtain a positive image given by the community and the government. Most of the government employees are not interested in developing the society through CSR programs.
 6. *Human Resources.* Creative, innovative and qualified human resources were the most common difficulties faced by the governments of the district level. On the other hand, they were highly required to implement and succeed the CSR programs. The poor condition led to the bottleneck and required the assistance of some human resources of universities from various fields of expertise to reach the targets.

V. Conclusions

1. Making use of CSR programs to develop and promote SMEs were very welcomed by the company and the community although they found some problems in the implementation. If the concept of partnership had completely been understood and well implemented by all parties involved, CSR would have resulted in symbiotic mutualism, and consequently the expected targets would have been easier to achieve. Finally, sooner or later, the image of CSR as a social charity will be truly eliminated.
2. All parties involved are seriously required both to understand the vision and mission and have strong commitment to optimize the implementation of CSR programs for the development of SMEs. Besides, they are expected to be able to arrange, develop, and implement the programs for SMEs around the companies.

Suggestions

1. In order to optimize the implementation of the CSR model in developing SMEs and overcome any obstructions, it is required the support of all parties, especially from the public and the experts of higher education so that CSR policy can soon become a real movement.
2. It is necessary to optimize the role of the government in the district level although CSR forum, chaired by the company, has already been established. The government cannot just leave their responsibility even they should be more active so that the companies notice that they get a real full support of the government to implement the CSR programs.

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