Research.

CORPORATE SOCIAL RESPONSIBILITY FOR MICRO, SMALL AND MEDIUM ENTERPRISE (MSME / UMKM) AS A FORM OF ECONOMIC JUSTICE IN BANTEN PROVINCE

Hamdani

Lecturer at Muhammadiyah University, Tangerang

Abstract. The purpose of the study is to give an idea relates to the policy of corporate social responsibility (CSR) in actualize economic justice for MSME in Banten Province. This research used descriptive explorative approach by analyzing the empowerment strategies for MSME. The study conducted by using literature review referring on the relevant studies and applicable legislations product including local regulation about CSR.

To actualize the economic justice, strategies and policies in supporting the populist economic movement MSME based. The existence of the government is crucial to connect the companies to MSME. The ease of access to funding and business assistance as a strategy to increase the competitiveness MSME in Banten Province. As a commitment to MSME empowerment, the local government could issue the regulation about CSR as a funding sources for MSME. Therefore, the synergic relationship with all parties especially the government, MSME and company need to be developed.

The implementation of CSR has been arranged in Perda No 5 of 2016. Technically the used of funding CSR as a source of funding for MSME need to be explained. The goal is that MSME could grow independently. The MSME that grows independently gives people opportunities to work, it means that its existence consistent with the government's program in addressing the issue of unemployment and poverty. If all parties has the same concern to support the populist economy by using the CSR funding allocation for MSME, the aims of equity and the economic justice for people can be reached.

Keywords: CSR, MSME, and Economic Justice

INTRODUCTION

A. Background

Banten is a province that developed based on Undang-Undang No 23 of 2000. Administratively Banten was divided into 4 districts and 4 cities, those are: District Serang, District Pandeglang, District Lebak, District Tangerang, Serang City, Tangerang Selatan City, Tangerang City, and Cilegon City. The wide of Banten Province aea is 9.160,70 Km, with the total population of 12.548.986 people. In the north border of this area is Java Sea, in the west border is Sunda Strait, and in the south border is Indian Ocean.

Banten as the geostrategic way that connect the trade lines of Sumatera-Java, takes part in a trade circulation in Asia and International. Moreover, Banten is an economic agglomeration location as well as a potential settlement. Banten with its excellence, has a potential to be an advance area and economically independent. Banten's economic independence cannot be separated to the effort and local

government's commitment in developing and supporting low-level economy. One of the efforts is the economy empowerment for the performer of micro, small and medium enterprise (MSME).

The actualization of the government's commitment is economy aspect was written in the vision and mission of Banten Province. One of the examples is the populist economic movement that oriented in MSME development. The latest data of the total of micro enterprise is 823.496, small enterprise is 153.313, and medium enterprise is 7.309, the total of MSME based on the enterprise unit are 984.118.

In quantity the total of MSME is pretty much, but in quality the existence of MSME has not gave any significant impact to the overall improvement of economy in Banten Province. The existence of MSME cannot be denied created the working opportunity that decrease the number of unemployment and poverty in Banten. The data of BPS in 2016 showed that the total of unemployment population is 509.383 or 9,55%. The data of poverty in Banten (in thousand) progressively decrease in 2011 as 690,87 or 6,26%, in 2012 as 642,90 or 5,71%, in 2013 as 677,50 or 5,89%, in 2014 as 649,19 or 5,51% and in 2015 as 690,67 or 5,75%. It showed inconsistently decline.

MSME must be noticed by all parties, especially for Banten Province's government. As it already arranged in Chapter 5 Perda No 6 of 2007, the local government must conduct the basic service relate to the capital investment, cooperative, and MSME. There is a strong correlation between capital investment and MSME. The government can connect the industrial sector and MSME especially in managing the capital investment policy that support MSME.

Refer to the decision of Indonesian People's Consultative Assembly No XVI/MPR/1998 about the Politic Economy, in order to actualize the economy democracy the capital investment policy must support the populist economic, the MSME and cooperatives. UU RI No 25 of 2007 mentioned the purpose of the capital investment is to support the development of populist economic based on MSME.

The three source of law above are used as foundation for the local government of Banten Province in developing the partnership in industrial sector, especially in using the corporate social responsibility (CSR) to support the populist economic development based on MSME. The basis of this idea is that CSR in a social issue must give positive impacts toward the society and MSME. Otherwise, the CSR policy in Banten was not going well.

Some policies that the local government arranged are not entirely background by the study of society's or stakeholder's needs. The rampant of the making of Perda of corporate social responsibility, but in its practice was not going well. Some districts and cities in Banten Province like District Tagerang, Serang City, already legalize the Perda of CSR. While the District Serang and Cilegon City is ding a finishing draft of the Local Regulation Draft (Reperda) of CSR. The analysis toward Perda has not explained about the mechanism of the use of CSR for MSME.

Principally, the realization of CSR policy has been done, but has not gave a contribution to the economic progress. The use of CSR has not touched the main substance that is the economy empowerment. Through the economy empowerment, MSME could grow and independent. Therefore, the CSR policy must be evaluated by the local government regularly, so that its implementation reached the goals. CSR policy needs to emphasize more on the study of society's needs, especially in the funding access for MSME that comes from CSR. Therefore, the CSR policy will be more productive and suit to the purpose, especially in supporting populist economy based MSME.

The output of CSR policy is the economy justice for the society in Banten, especially, and in Indonesia. The economy justice can be achieved if the government, company and MSME can synergize. The economy justice can be achieved through the mutualism relation that raising, turn each other on and not shut the MSME off. The

allocation of CSR for MSME means that the existence of the company is to turn on and raise the MSME in Banten Province.

The growing and independent MSME will open a wider working opportunity, decrease the number of employment and poverty. If all the companies in Banten care about the MSME, the economy justice can be felt by the low-level society. Therefore, the issue relate to the CSR is an interesting theme in this research in the title of "Corporate Social Responsibility (CSR) for MSME as a Form of Economy Justice in Banten".

B. Problem Identification

Generally, the problems that MSME faced todays are financial and non-financial things. Problems related to financial things are:

- 1. The lack of conformity between the available funding and the fund that can be accessed by MSME.
- 2. There is no systematic approach in MSME funding.
- 3. The high cost of transaction because of the complicated yet time consuming credit procedures but the amount of credit approved is small.
- 4. The lack of formal funding access that caused by the lack of information.
- 5. The high interest credit for working capital or investment.
- 6. There are many un-bankable MSME caused by the lack of financial management or the lack of managerial and financial.

In the other hand, the problems relate to non-financial things are:

- 1. The lack of knowledge of production technology and quality control caused by the lack of opportunity to join the development of technology, education and training.
- 2. The lack of knowledge of marketing because of the lack of information that MSME gets instead of the lack of MSEM / UMKM ability to provide the product / service according to the market demand.
- 3. The limitation of human resources (HR) because of the lack of resources to develop HR.

C. Formulation of the Problem

From the discussion of the background above, the problems can be mentioned as:

- 1. How is the condition of MSME in Banten Province?
- 2. How is the corporate social responsibility policy strategy for MSME in Banten Province?
- 3. How can corporate social responsibility actualize the economy justice for MSME in Banten Province?

D. Aims and Objectives

The aim of this research is to give ideas relate to the corporate social responsibility policy strategy in actualizing the economy justice for MSME in Banten Province. The objectives of this research specifically are:

- 1. To illustrate the condition of MSME in Banten Province.
- 2. To gives ideas relate to the corporate social responsibility policy strategy for MSME in Banten Province.
- 3. To explain the corporate social responsibility in actualizing economy justice for MSME in Banten Province.

E. Purpose

This research is useful for the local government in defining the CSR policy for MSME in Banten Province. The Perda draft about CSR should be based on the research of the society demand or stakeholder. This research offers an idea relate to MSME empowerment in actualizing economy justice through assistance about the use of CSR and business assistance in order to support the independent growth of

MSME. Independently grow MSME could give opportunity to the society to increase their income and decrease the number of unemployment. Therefore, the role of MSME will be more real with the government in alleviating poverty.

LITERETURE REVIEW

A. Definition of Micro, Small and Medium Enterprise

Micro, small and medium enterprise or MSME are the economy activities in micro, small and medium scale as mentioned in Undang-Undang No 10 of 2008 about Micro, Small and Medium (*Peraturan Menteri Perdagangan Republik Indonesia No. 53/M-DAG/PER/12/2008*). Based on the scale, micro, small and medium has their own definitions.

Micro enterprise is a productive enterprise own by an individual and / or an individual business entities that fulfill micro enterprise criteria as mentioned in Undang-Undang No 20 of 2008 about Micro, Small, and Medium Enterprise. Small enterprise is an independent productive economy enterprise by an individual or an individual business entities that is neither a subsidiary nor a branch of a company that is owned directly or indirectly of a Medium or Big Enterprise that fulfill the criteria of Small Enterprise as mentioned in Undang-Undang No 20 of 2008 about Micro, Small, and Medium Enterprise (Pepres No 98 of 2014). Medium enterprise is an independent productive economy by an individual or an individual business entities that is neither a subsidiary nor a branch of a company that is owned directly or indirectly of a small or big enterprise with total net income or sell income per year as mentioned in Undang-Undang above.

B. MSME Characteristics

MSME characteristics are some character or factual condition that sticks to the enterprise activity or entrepreneur behavior relate to the business. These characteristics become the differentiator among the entrepreneur according to the enterprise scale. According to the World Bank, MSME can be divided into three types,

- 1. Micro Enterprise (10 employees),; 2. Small Enterprise (30 employees); and 3. Medium Enterprise (up to 300 employees). In the enterprise perspective, MSME are classified into four groups:
- 1. MSME informal sector, e.g. street vendors.
- 2. Micro MSME are the MSME with the ability as craftsmen but lack entrepreneurial spirit to develop their business.
- 3. Dynamic small enterprise are a MSME group with capability to cooperate (receive sub contract job) and export.
- 4. Fast moving enterprise are UMKM with capability of entrepreneur and ready to transform into big enterprise.

Undang-Undang that managed about micro, small and medium enterprise (MSME) is Undang-Undang No 20 of 2008. A firm can be classified as MSME is a small firm that owned or managed by an individual or owned by a small group or people with certain number of income.

Table 1
MSME and Big Enterprise Characteristics

Size of Business	Characteristics
Micro Enterprise	 Types of goods or commodity are not fixed; can be change. The place of the business is not fixed; can be change. Never do a financial administration, even the simplest one.

Size of	
Business	Characteristics
	 Do not separate family financial to business financial. Human resources (entrepreneur) have no entrepreneurial spirit yet. Relatively low educational background. Generally has no access to the bank, but some of them has access to non-bank financial organization. Generally has no business permit or other legality requirements including NPWP. e.g: Street vendors and market traders.
Small Enterprise	 Type of goods or commodity usually fix or hardly to change. The location / place usually fix, do not change. Generally, already use simple financial administration. Firms financial already separated from family financial. Already make a balance sheet. Already have a permit and other legality requirements like NPWP. Human resources (entrepreneur) have experiences in entrepreneurship. Mostly has access to the bank in capital need. Mostly have no business management like business planning. e.g: Traders in wholesale market (agent) and other wholesaler.
Medium Enterprise	 Has a better management or organization, with a clear job desk such as finance, marketing, and production. Already do a financial management by using regular accounting system to make auditing and evaluating or bank checking easier. Already do a rule or management and employment organization. Has a legality requirement such as environment permit. Has access to the banking funding resources. Generally has trained and educated human resources. e.g: coal mining business for construction and artificial marble.
Big Enterprise	A productive economy business by an organization with a net income or net sales per year bigger than medium enterprise, that cover government or non-government national business, joint ventures, and other business for economy activity in Indonesia.

Source: LPPI and BI, 2015

C. Corporate Social Responsibility (CSR)

The Organization for Economic Cooperation and Development (OECD) designed CSR as a business contribution for sustainability development. CSR as an actualization of corporate behavior that is not only guarantee the stock holder returning, salary for the employees and product or service making for the customers, but the firms also have to pay attention to the important things and society's value.

CSR cannot be separated to the sustainability development. Sustainability development is a development that followed by fulfillment to the society's need by not sacrificing next generation's ability in fulfilling their needs. Therefore, CSR cannot be separated to developmental concept in Banten. The importance of CSR is very reasonable for business to respond the firms continuing guarantee. At least, there are three reasons why CSR is important for the firms, those are:

- 1. Firms are parts of the society; therefore firms have to pay attention to the society's needs. Firms have to understand that they operated in a society. Social activities are used as a compensation or feedback to the control of natural resources or economy resources by the firms that sometimes expansive and explorative.
- 2. Businessman and society should have symbiosis mutualism relationship. To get society support, firms have to give a positive contribution to the society, so that a harmonic relationship to increase the image and firms performance.
- 3. CSR is a way to avoid social conflict. Potential conflict could come from firms' operational activity or as a consequence of structural and economical gap in the society with the firms.

To respond development rate in Banten Province, the role of the government is very important to manage and watch the implementation of CSR. As an actualization of social responsibility, local government of Banten Province arranges the policy about CSR in Peraturan Daerah Banten Province No 5 of 2016 about The Social Responsibility, partnership, and Company Environment Building. By using this policy, hopefully the government can connect the partnership between the firms and MSME in Banten Province.

To increase public's welfare and preserve the environment in Banten Province, firms' role is needed through social responsibility in environment, partnership, and preserve environment toward micro and small enterprise, cooperative and society regularly. This effort is conducted in order to make a relationship and firms' solidarity toward the society to actualize the security and environmental order. Therefore, firms need to actualize the social responsibility program, partnership, and preserving environment to the society integrated to the local development program.

Social and firms environmental responsibility as an actualization of the firms commitment in doing its business relate to the natural resources in the role of economy development, in order to increase the quality of life and environment that useful for the firms, community or society. To actualize the social and environmental responsibility, the partnership between firms and MSME in Banten Province need to be built. The purpose is to make MSME stronger and more independent. Beside the partnership, the preserve environment program can be done in order to empower society social condition. Social responsibility, partnership and preserving environment are the social responsibility that sticks to each firm to create harmonic, balance, and confirmable relationship with environment, value, norm and culture in the society.

D. Corporate Social Responsibility Policy

The existence of Perda about CSR is a part of regional autonomy implementation phenomena in Banten Province. Since the appearance of Perda in Banten Province No 5 of 2016 about the social responsibility, partnership and firms preserve environment, government of Banten Province showed their commitment toward the implementation od CSR. Followed by another District/City area in Banten Province like: District Tangerang, Serang City (already legalized Perda CSR), District Serang, and Cilegon City (finishing the draft of Perda CSR).

Until today, a firm has not conducting the CSR optimally. One of the problems is there is no policy that can be followed in managing Perda CSR because the Draft of Government Policy about social and environmental responsibility as mentioned in *Undang-Undang Perseroan Terbatas* No 40 of 2007 is still being discussed in DPR. Perda that refer to Peraturan Menteri BUMN about partnership program and preserving environment, *Undang-Undang Perseroan Terbatas (PT)*, *Undang-Undang*

of Capital Investment, or *Undang-Undang* of Oil and Gas. Those four policies is a mandatory in the different firms domain from the statutes, types of business, scope, and the location of the firms.

RESEARCH METHOD

This research used descriptive explorative approach by analyzing the strategy of MSME empowerment in actualizing economy justice. The research conducted by using literature review referred to some relevant studies and applicable policy including *perda* about CSR. The data used in this research were secondary data from BPS Banten Province, Sevice Department, and MSME Banten Province, literature, internet, and other sources. The data were collected by using documentation method to get data or information about the relevance things related to the research by referring to the previous written document in numbers or information.

DISCUSSION

A. MSME Condition in Banten

MSME data in Banten Province in 2017 is enough in quantity: 823.496 micro enterprises, 153.313 small enterprises, 7.309 medium enterprises, with the total of MSME based on its unit are 984.118. Even though, the condition in quality is not good enough because the growth of MSME is not significantly increase. The role of MSME was not adsorbing many human resources and decreases the number of unemployment. There are 509.383 unemployment people in Banten or 9.55%. The role of MSME in increasing people's income hopefully could support the government program in decreasing the number of unemployment. The number of poverty in Banten (in thousand) decrease significantly in 2011 as 690,87 or 6,26%, in 2012 as 642,90 or 5,71%, in 2013 as 677,50 or 5,89%, in 2014 as 649,19 or 5,51% and in 2015 as 690,67 or 5,75%.

B. Corporate Social Responsibility Policy Strategy for MSME

Some steps and policy strategy that can be taken by the local government in Banten Province to support the progress and commitment to MSME are: arranging Perda about CSR, conducting MSME registration in Banten Province, developing partnership pattern in industrial sector and MSME, assisting the enterprise and the use of CSR for MSME, evaluating the use of CSR for MSME, and following up CSR policy for MSME. Those strategies can be explained as below:

1. Arranging Perda about CSR

The first step that the local government of Banten Province needs to do is making or arranging Perda about CSR as a basic law of its implementation. Its setting is written in Perda Banten Province No 5 of 2016 about Social Responsibility, Partnership and Preserving Firms Environment. Through that Perda, the government could connect the partnership between firms to the MSME in Banten Province. Autonomously, CSR policy in District and City are managed as: District Tangerang, Serang City (already legalized the CSR policy), District Serang, and Cilegon City that is finishing the draft of Raperda CSR.

Conducting MSME Registration in Banten Province

The second step is conducting MSME online registration. This stage makes local government monitor MSME in Banten easier. By using online system, update data would be easily monitored including the active and passive MSME.

3. Partnership Pattern in Industrial Sector and MSME

Referring to UU RI No 25 of 2007, Ketetapan Maelis Permusyawaratan Rakyat Republik Indonesia No XVI/MPR/1998, Perda No 6 of 2007, Undang-Undang No 20 of 2008 and Peraturan Daerah Provinsi Banten No5 of 2016 give a reference in developing economy justice. The purpose is to make balance economy for the society.

The partnership pattern connect by the government, is a meeting point between firms and MSME. The classic problem that MSME faced today is capital investment problem. Through the policy, government could control the mechanism of the use of CSR funding for MSME in Banten.

4. Assisting the Enterprise and the Use of CSR for MSME

The fourth step is assisting the enterprise and the use of CSR for MSME. The planning to the realization allocation processes of CSR to the MSME, Ministry of Cooperative and MSME form TIM or assistance support system to be placed in each Province, District/City, and sub-district. Through this assistance, allocation and use of CSR funding that already received by MSME will be lead to productive activity to support the growth of MSME so the use of CSR funding is right on the target.

The assistance process can be done continuing in its sector. It meant to make MSME manage its business independently and professionally. The business independent of MSME will grow to the maturity to add more resources to increase the production. Therefore, the existence of MSME could increase the people's income; decrease the number of unemployment, and economy justice. If economic movement MSME base could be done massively, the problems of unemployment and poverty in growing country like Indonesia could be solved.

5. Evaluating the Use of CSR for MSME

The government should pay attention to the assistance program. The purpose is to make sure that the plans and realization reach the goals. Evaluation is not only for the assistance but also to the target reached, especially to evaluate MSME growth. Therefore, the government will have information about the success of CSR policy, including the information of the effectiveness and the efficiency of the use of CSR funding.

6. Following up the CSR Policy for MSME

The effort and follow up can be done if the evaluation process conducted. The information from evaluation process will give a base to responds the CSR policy for MSME in Banten Province. The findings of the evaluation process can be process to perfection and improvement of the CSR policy.

C. Corporate Social Responsibility as an Economy Justice

As mentioned in Perda of Banten Province No 5 of 2016 about Social Responsibility, Partnership and Preserving Firms Environment, that the purpose of CSR is to increase the society prosperity and to preserve the environment in Banten Province. To reach the prosperity, government through the partnership program could connect the MSME to the firms. According to the Perda the existence of the firm have to give a positive impact to MSME in Banten Province. The funding allocation of Social and Environment responsibility to develop populist economy especially for MSME in Banten Province through the partnership program as mentioned in Perda No 5 in 2016. The partnership program is a program in firms to increase the MSME ability to be stronger and more independent.

The firms' responsibility is to increase the MSME ability to be stronger and independent. To make MSME strong and independent, the strategy to access the capital investment is needed. The business assistance is important to make MSME grow independently. When MSME grow independently, the work opportunity will widely open for the society to increase their income. When their income increased,

the government target to solve the problem of poverty will be reached. At least, the existence of MSME supports the government program to end the poverty.

CSR as the justice economy is not a non-sense, but have to be actualized. The funding of social and environment responsibility are the funding gets from the net income of the firms. The amount of the social responsibility funding from a non BUMN firm have to consider the aspect of justice and the ability of the firm. Technically the use of the CSR funding in Perda No 5 of 2016 is not mention in details, so the mechanism use of CSR funding for MSME need to be managed.

CONCLUSION

A. Conclusion

CSR as an economy justice can be done through partnership between the MSME and the firms. The partnership could be conducted if the local government can connect the relationship by publishing Perda about CSR. The partnership program us a program in a firm to increase the MSME ability to be strong and independent. To increase the independence, the funding sources are needed by MSME in Banten. The funding sources can be obtained for the funding allocation of CSR from the firms' net income. Facilitator team is needed to assist the use of funding allocation of CSR, including assist the use of CSR for MSME, and evaluating the use of CSR for MSME.

Independently growth MSME could open wide work opportunity that can increase society's income. Therefore the existence of MSME aligned to the government program in solving the problem of unemployment and erases the poverty in Banten Province. Progressively, the society could feel the economy justice through the social responsibility from the firms. If all firms in Banten Province have the same commitment to support the populist economy through CSR funding allocation for MSME, the purpose of economy justice for the society could be reached.

B. Suggestion

The CSR implementation are managed in Perda No 5 of 2016 but the details are not explained how to actualize the strong and independent MSME. The classic problem that still faced by MSME is the problem of funding. To collect the capital funding, the government could published Perda relate to the use funding allocation of CSR for MSME in Banten Province. Therefore, the policy about the use of CSR funding allocation for MSME can be explained technically and details.

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