

The Method of Assistance Carried Out by Corporate Social Responsibility Funding Companies

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Abstract: Implementation of Corporate Social Responsibility (CSR) by The Company from any relationship reciprocal between The Company and The People that make both cannot be excluded because both of mutual need from the aspect of the economic company is oriented to get benefits from social aspects company to contribute to direct to the community and environment. The Company does some methods in distributing funds to the community, one of the SMEs. This method of assistance is carried out by CSR Funding Companies for MSMEs in The Karawang Regency, namely provision of venture capital, provision of coaching and training, increased product promotion, expansion of product marketing, provision of facilities and infrastructure.

Keywords: *Corporate Social Responsibility, Funding, MSMEs, Social and Environmental Responsibility*

I. INTRODUCTION

The existence of a company in the community can provide aspects for the community both positive aspects and negative aspects on the one hand, the company. Companies can provide goods and services needed by the community, but on the other hand, it is not uncommon for people to get a negative impact from the activities of the company that runs its business. Maybe there are still some companies who think that spending on environmental costs does not have significant meaning for the company. This view is what ultimately causes environmental funds not to be budgeted in company budgets [1].

The positive impacts of the existence of a company include the opening of jobs for the workforce, the number of companies or industries that are established, and the economic development in which the company is located will be able to develop. Meanwhile, the negative impact of the existence of a company or industry includes the impact on the environment in the area around the company. It is not uncommon for the conversion of land to become the construction of company buildings. Land that was originally functioned as a settlement or even as greening land was changed or built into a company or industrial building.

Apart from the negative impact and various responses to corporate social responsibility programs, it is grateful, but a little worrying on the other hand. This condition shows that there will be increased awareness of the business world, government and also the media about Corporate Social Responsibility programs which can not only have a positive impact on the company, but also on the people in the company's area. As an emerging and developing model in developed countries, CSR programs need to be translated into the Indonesian context. In its development, the term corporate social responsibility (CSR) is now increasingly popular among the public and companies with the increasing practice of corporate social responsibility, and global, regional and national discussions on CSR. As if it cannot be denied, this activity is a must for companies to implement, coupled with the existence of laws that govern the implementation of CSR programs in companies.

In its implementation, social responsibility activities or CSR are activities in the form of providing assistance to people in need and are also part of business activities as well. So it is not surprising that CSR activities are often associated with public relations and community development (comdev) activities. However, as a business activity, nowadays a new concept is starting to link CSR with its own business. This means that CSR can go hand in hand with business activities. On the one hand, CSR shares welfare, builds communities, makes the community more independent and healthier, and on the other hand they become a market for companies [2].

Article 74 of Law Number 40 of 2007 concerning Limited Liability Companies regulates the implementation of CSR, which states that

1. Companies that carry out their business activities in the field of or related to natural resources are required to carry out Social and Environmental Responsibility.
2. Social and Environmental Responsibility as referred to in paragraph (1) is a company obligation that is budgeted and calculated as a cost of the Company, the implementation of

which is carried out with due regard to appropriateness and fairness.

3. Companies that do not carry out the obligations as referred to in paragraph (1) will be subject to sanctions in accordance with the provisions of laws and regulations.

As we know that currently in Karawang it has become an industrial city. Many companies were founded in Karawang. There are positive impacts and negative impacts with the number of companies established in Karawang. Companies in Indonesia, especially Karawang, have helped the government to support the implementation of national development in order to increase equity, economic growth and national stability towards improving people's welfare by providing aid funds to the community and MSMEs through CSR funds [3].

MSMEs located in Karawang can develop their business by utilizing CSR funds issued by the company. These CSR funds are very important for MSMEs, especially as we know that the world is currently being affected by the Covid-19 pandemic which has had a negative impact on all sectors.

Based on the description above, the problem statement is as follows is How The Method of Assistance Corporate Social Responsibility Funding Companies?

II. METHODOLOGY

Research Approaches and Types. The method used in this research is the sociological legal approach (socio-legal approach) because the problems under study are approached from the community, namely companies that carry out CSR and MSMEs. while the research specification used is in the form of descriptive research, which means that the problem-solving procedure under study is to describe the object and legal subject at this time based on existing facts.

Research Sites. To obtain accurate information or data, which are related and relevant to the problems and the completion of this research, the research location was chosen, namely Karawang. By conducting research at these locations, it will be very easy to access data for the accuracy of the preparation of this research.

The data to be collected are: Primary data, which is obtained directly from the field by conducting interviews with company employees and MSME actors in Karawang. Secondary Data, the 1945 Constitution, the Civil Code, Law No. 40 of 2007 regarding Limited Liability Companies, Law No. 19 of 2003 concerning State-Owned Enterprises, Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises and other implementing regulations. Tertiary data, namely literature, laws and regulations.

Data Collection Techniques: To obtain the data needed to complete the research carried out, the authors use data collection techniques which are divided into: interview, is a data collection technique by asking direct questions to respondents, Literature Study Literature study in this data

collection technique is a type of secondary data used to assist the research process, namely by reviewing and analyzing the statutory legislation literature, as well as other data related to the issues discussed in this study.

Population and Sample: The population in this study includes companies that carry out CSR as well as MSME business actors. The data analysis method used is a qualitative method, namely the analysis that combines data in the form of observations, interviews, written materials in the form of books related to this research.

III. LITERATURE REVIEW

The concept of social responsibility (CSR) has been known since 1970. Currently, the discourse on the implementation of corporate social responsibility has grown rapidly. The basic idea of corporate social responsibility is from corporate decisions that affect stakeholders socially and the company must be responsible for the decisions it makes [4].

There is a strong moral case in social and business responsibility. The application of social responsibility in management practice is centered on maximizing the contribution to the success of the business and achieving sustainable goals. Corporate Social Reputation reflects corporate social responsibility carried out by citizens who have good governance, who believe that effective non-market strategies are formulated and implemented for image management with stakeholders, especially customers and special interest groups [5].

They must also ensure that a balance remains between meeting the needs of stakeholders and their need for profit. In Law No. 40 of 2007 on Limited Liability Companies, article 74, it is explained that companies are obliged to be socially and environmentally responsible. In addition, Law on Investment No. 25/2007 in article 15 states that companies are required to implement sound corporate governance and social responsibility. Companies should not see social responsibility as a scourge but as a means of promotion, because it not only benefits the community and the surrounding environment, but also the business sector.

Corporate social responsibility is a concept in which the company considers the interests of the surrounding community by being responsible for the impact of the company's operational activities on consumers, employees, shareholders, society, and the environment in all aspects of the company's operational activities..

There are four benefits for companies by implementing social responsibility programs, as follows:

1. First, the company's existence can grow and be sustainable and the company gets a positive image from the wider community.
2. Second, it is easier for companies to gain access to capital.

3. Third, companies can maintain quality human resources.
4. Fourth, the company can improve decision making on critical matters (critical decision making) and simplify risk management.

Companies always exist in society and companies can only live, grow and develop if they get support from the community, because basically the community is the main supplier of the company's needs and is also the user of the company's products (goods and services). Thus, the existence and survival of the company is highly dependent and determined by the attitude of the community towards the institutions/institutions concerned. Therefore, it is necessary to ask to what extent a company can provide value benefits to its environmental community.

The community needs companies that produce the goods or services needed and companies need the community, because in that society the company gets the resources. Communities around the company, suppliers, consumers, MSMEs, local government, competing companies, employees or laborers, investors are stakeholders of the company.

MSMEs which are part of the stakeholders of the company still need attention from large companies, because the existence of MSMEs also determines whether a large company will be sustainable or not. Therefore, MSMEs need to be empowered and developed with an appropriate and good model, formula or form of CSR implementation. The formula, form or model for implementing CSR will be felt good and appropriate when paying attention to the interests of the company and stakeholders, and integrating them.

Micro, Small and Medium Enterprises (MSMEs) are business activities capable of expanding employment opportunities and providing broad economic services to the community, and can play a role in the process of equalization and increase in community income, encourage economic growth, and play a role in realizing national stability. In addition, Micro, Small and Medium Enterprises are one of the main pillars of the national economy which must obtain the main opportunity, support, protection and development as widely as possible as a form of firm siding with the people's economic business group [6].

The definition of MSMEs according to Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises Chapter 1 Article 1: Micro enterprises are productive businesses owned by individuals and / or individual business entities that meet the criteria of micro businesses. Small business is a productive business that stands alone, which is carried out by an individual or a business entity that is not a subsidiary of a company that is owned, controlled, or is a part, either directly or indirectly, of a medium or large business that meets the criteria of a small business. Medium-sized enterprises are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of, either directly or indirectly,

with small businesses or large businesses with total net assets or annual sales results [7].

In order to differentiate UMKM, certain criteria and characteristics are needed in classifying MSMEs. According to Law No. 20 of 2008 Article 6 regarding MSMEs, MSMEs are classified based on the following criteria: Criteria for micro businesses According to Law no. 20 of 2008 Article 6 concerning UMKM Chapter IV Article 6. Having a net worth of at most Rp. 50,000,000 (fifty million rupiah) excluding land and buildings for business; or have annual sales of at most Rp. 300,000,000 (three hundred million rupiah). Small business criteria according to Law no. 20 of 2008 Article 6 concerning UMKM Chapter IV Article 6. Having a net worth of more than Rp. 50,000,000 (fifty million rupiah) and a maximum of Rp. 300,000,000 (three hundred million rupiah) excluding land and buildings for business; or have annual sales of more than Rp. 300,000,000 (three hundred million rupiah) and at most Rp. 2,500,000,000 (two billion five hundred million rupiah). Criteria for medium-sized businesses according to Law no. 20 of 2008 Article 6 concerning UMKM Chapter IV Article 6. Having a net worth of more than Rp. 500,000,000 (five hundred million rupiah) and a maximum of Rp. 10,000,000,000 (ten billion rupiah) excluding land and buildings for business; or have annual sales of more than Rp. 2,500,000,000 (two billion five hundred million rupiah) and a maximum tax of Rp. 50,000,000,000 (fifty billion rupiah).

IV. ANALYSIS AND DISCUSSION

A total of 3,312 micro, small and medium enterprises (UMKM) in Karawang Regency have been netted by the Cooperatives and UMKM Offices to get assistance from the central government. The program, called the productive presidential assistance (BANPRES), provides assistance to MSMEs worth IDR 2.4 million free of charge.

MSMEs in obtaining funds to improve their business, apart from getting assistance from the government, can also get it through the CSR program provided by the company. Awareness of the need for CSR implementation has become a global trend. Many models and patterns of CSR implementation have been developed and implemented by domestic and foreign companies, some are based on charity, CSR is based on philanthropy, some are based on community empowerment.

Basically, Corporate Social Responsibility (CSR) is a necessity for corporations to be able to interact with local communities as a form of society as a whole. The corporate need to adapt and to obtain social benefits from its relationship with local communities, a social benefit in the form of trust. CSR is of course closely related to corporate culture and business ethics that must be owned by corporate culture, because to implement CSR, a culture based on adaptive ethics is needed.

CSR or often defined as "being socially responsible" is clearly a different method for different people in different countries. This means that the implementation of CSR in each country must be adjusted to the social and environmental

context. So it is necessary to be careful in applying the concept of CSR from developed countries in developing countries [8].

The role of the company in developing Micro, Small, and Medium Enterprises (MSMEs) is indeed very necessary. Because MSMEs are one of the potential efforts to improve the economy and improve the welfare of the community. So that there needs to be empowerment in terms of human resources to the procurement of facilities and infrastructure. In addition, there are many benefits from the existence of MSMEs, namely that they can absorb a lot of labor and reduce the unemployment rate [9].

As for the methods of assistance carried out by companies providing CSR funds for UMKM in the Karawang area, namely:

1. Provision of venture capital. Micro, Small, and Medium Enterprises generally rely on their own capital to run their business, and sometimes they are trapped in the bondage of moneylenders given the lack of accessibility to formal sources of financing. Regarding the provision of capital that comes from a partnership program, namely the CSR of a company, where partner members of the company must first make a submission proposal to the company in order to get CSR funds [10].
2. Provision of coaching and training. Coaching and training carried out by companies that provide CSR funds is a form of empowerment as motivation or encouragement for the community to hone their abilities and can provide knowledge and skills for people who want to open their own business. In overcoming the problems faced by MSMEs, companies help MSMEs to be able to overcome the problems they face [11].
3. Increased product promotion. In terms of product promotion activities carried out by companies in Karawang for MSMEs who are members of the partnership program, namely in the form of activities such as bazaars or UMKM exhibitions held in crowded places [12].
4. Expansion of Product Marketing. In the event that the company has provided the means in product marketing, namely by holding product promotion activities. Currently, with technological sophistication, marketing can be done using an online system [13]. Because the internet marketing network can be reached overseas. However, this is poorly understood by MSMEs because of the low education and science-based factors of e-business. To keep up with the times, MSMEs participated in various trainings on IT [14].
5. Provision of Facilities and Infrastructure. The company provides facilities and infrastructure by providing free space as training for MSMEs that do business [15]. In addition, in marketing, activities such as a bazaar or exhibition of UMKM products are also provided by the company [16].

V. CONCLUSIONS

The Method of Assistance Carried Out by CSR Funding Companies For UMKM in the Karawang Regency, namely Provision of venture capital., Provision of coaching and training, Increased product promotion, Expansion of Product Marketing, Provision of Facilities and Infrastructure.

ACKNOWLEDGMENT

The research team would like to thank Universitas Singaperbangsa Karawang, Indonesia through the LPPM for the 2020 community service grants, and also to Partners, as well as the Faculty of Law which is very supportive of this research activity. Including discussants and committees in the 3rd ICOBAME event.

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