

## Government Strategic Management Through Csr Awards In Realizing The Commitment And Contribution To The Umkm Future In Semarang City

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**Abstract.** *Manufacturing industry activities must be distinct from the role of the surrounding community. For this reason, companies are required to create activities that positively impact the environment and society. The company was founded with specific aims and objectives. Therefore, to achieve this goal, the role of society and the environment is highly expected. One of the government programs that can be implemented to realize the future commitment and contribution of MSMEs is CSR, but giving this award is not only required for profit-oriented business entities. However, it can also be carried out by non-profit-oriented business entities such as universities, which also have responsibilities—social environment. Looking at the factual conditions of giving CSR in the Semarang City CSR application and triggering a breakthrough is needed, including giving a CSR Award. In collecting the data, this research uses a qualitative method, which focusing on data collection and analysis in single studies (single research) and series studies (series assessments). The results of the discussion of this study are to provide input for the Semarang City Government so that CSR awards are given according to applicable rules. They appreciate and motivate companies to distribute CSR programs and synergize government programs with CSR. They are increasing the number of companies joining the Semarang City CSR program. Therefore, giving this CSR award is also a trigger for certain companies to be able to support UMKM products so that they become part of their proud products, too.*

**Keywords.** *Strategic Management, CSR Award, Commitment and UMKM*

### INTRODUCTION

Human In order to ignite the value of CSR realization, many awards have been given in the form of CSR Awards to companies or business entities that have implemented CSR or Social Responsibility programs. However, there are no provisions for this award, so CSR awards in each district/city are still based on the criteria of each region. Semarang City Regional Regulation Number 7 of 2015 Article 21 states that the Mayor gives awards to PKBL partners per statutory regulations. CSR (Corporate Social Responsibility) itself, per Law Number 40 of 2007 concerning Limited Liability Companies, is the obligation of companies with the legal entity of a Limited Liability Company.

According to Law Number 19 of 2003 concerning BUMD Article 8. Funds for partnership and BL programs come from the allowance for net profit after tax as determined in the GMS/Minister for Ratification of the Annual Report of BUMN Development. A maximum of 4% of the profit after tax of the previous year. Apart from that, Law Number 25 of 2007 concerning Investment also regulates the obligation to carry out Corporate Social Responsibility and many other regulations related to CSR, such as Minister of Social Affairs Regulation Number 9 of 2020, Presidential Instruction Number 2 of 2022, Regulation of the Minister of BUMN Number PER-1/MBU /03/2023, etc. Apart from that, giving a CSR Award requires several requirements and must be guided by ISO 26000, synergy with government programs and applicable regulations, and carried out by an independent team.

## **METHOD**

The study used in this research is descriptive research with a qualitative approach, which will provide an overview of the extent to which government strategic management through CSR awards in realizing the commitment and contribution to the UMKM future in Semarang City. The research location is in companies in Semarang City Region and UMKM Actors. The qualitative research is research that is based on collecting, analyzing and interpreting data in the form of narratives and visuals (not numbers) to obtain an in-depth understanding of certain phenomena of interest (Leo, 2013, p. 100).

### **The Research Location and Time**

#### **a. The Research Sites**

This research has been carried out by companies in Semarang City (16 sub-districts and 177 sub-districts). Data from Kadin members shows 460 companies, and Apindo has 122 companies that have just joined the Semarang City CSR program.

#### **b. The Research Time**

This research has been implemented from September to December 2023.

### **Research focus**

In connection with research on strategic government management through CSR awards in realizing the commitment and contribution to the UMKM future in Semarang City, the researchers provide problem boundaries. The problem boundary in qualitative research is called focus, containing the main problem that is still general (Sugiyono, 2011, p. 207). The focus in this research using the theory from Lindgren and Hans (2003) is as follows:

1. government strategic management through CSR awards in realizing the commitment and contribution to the MSME future in Semarang City, including:
  - a. Scenario Planning, which has TAIDA steps, namely: Tracking, Analyzing, Imaging, Deciding, and Acting.
  - b. The results achieved in strategic government management through CSR awards in realizing the commitment and contribution to the MSME future in Semarang City include: 1) Frequency of activities of companies that are active in the CSR program and registered in the Semarang City CSR Application <https://csr.semarangkota.go.id/> and 2) The quality of CSR activities by the company, which contributes to the future of UMKM
2. Supporting and inhibiting Factors in government strategic management through CSR awards in realizing the commitment and contribution to the UMKM future in Semarang City, including:
  - a. Supporting factors, namely Human Resources, Funding Sources, and Infrastructure
  - b. Inhibiting factors, namely: Understanding of CSR by the company and community support.

## Data source

### a. Primary data source

Primary data is data we can only obtain from original or first sources, sources from respondents and informants interviewed for data collection. As found in companies in the Semarang City area, namely: (a) Data of Company Public Relations Informants in the Semarang City area, Semarang City Cooperative Service, and Semarang City BAPEDA, (b) Data of companies that are active in the application <https://csr.semarangkota.go.id/>. (c) MSMEs in the Semarang City area (d) People who have or have not received benefits from the CSR program.

### b. Secondary Data Sources

Secondary data is document data that is already available and is a written source of information contained in the applications <https://csr.semarangkota.go.id/> and <https://diskopumkm.semarangkota.go.id/>.

## Research Instrument

The research instruments in question are the researchers themselves, the concept of interviews and cameras, and the distribution of questionnaires to respondents. Therefore, researchers as instruments must also be validated to what extent researchers are ready to conduct research and then go into the field.

## Method of collecting data

### a. Observation

Observation means that the author conducts research in the sense of observing and recording phenomena or activities related to the discussion of this research.

### b. Interview

Esterberg's Interview in Sugiyono (2010:217) says that an interview is a meeting of two people to exchange information and ideas through questions and answers to construct meaning on a particular topic. So, with this technique, researchers conduct face-to-face interviews with informants to answer oral and written questions related to the Google Form application with government strategic management through CSR awards in realizing the commitment and contribution to the UMKM future in Semarang City.

### c. Documentation

*Documentation* is a method used to search for data regarding things or variables in the form of notes, transcripts, books, newspapers, magazines, inscriptions, meeting minutes, notes, agendas, etc. In collecting data using this documentation technique, research collects as much data as possible that supports this research so that various related matters

can be explained and described and the validity and purity of this research can be scientifically justified.

### **Data Processing and Analysis Techniques**

After collecting data, the researchers process the data and analyze it by examining all available data from various sources, namely from interviews and observations that have been written in field notes, personal documents, official documents, pictures, photos, and so on (Moleong, 2014, p. 274). The data processing and analysis technique carried out in this research is qualitative data analysis, which quotes the Miles and Huberman concept (2009: 57). The data analysis process is carried out in three stages, they are:

- a. Data Reduction (data reduction). Quite a lot of data is obtained from the field through observation, interviews, and documentation. The researcher took detailed notes and then summarized them, selecting the main things and focusing on the essential things so that the reduced data could provide an overview of the implementation of CSR management.
- b. Data Presentation (data display). After the data has been reduced, the next step is to present the data. In presenting the data, the author does it in descriptive or explanatory form, tabulation, or tables.
- c. Conclusion drawing (verification). The researchers then use the data that has been explained and described in narrative form to answer the problem formulation that has been formulated from the start.

## **RESULTS AND DISCUSSION**

### **1) Frequency of activities of companies that are active in the CSR program and registered in the Semarang City CSR Application <https://csr.semarangkota.go.id/>**

Most districts/cities already have CSR applications, Regional Regulations on CSR, CSR Forums, etc. The Semarang City Government already has Regional Regulation Number 7 of 2015 and a Facilitation Team, but the Mayor's Decree still needs to establish the CSR Forum. The Facilitation Team is also not very optimal, and it is not uncommon for UPDs looking for CSR not to immediately report it to the application.

The Semarang City Government has an application <https://csr.semarangkota.go.id/>, which was released starting in 2019. CSR realization has also experienced ups and downs. In 2022, the CSR realization amounted to IDR 8,253,434,115, an increase compared to the CSR realization in 2021 of IDR 5,236,897,106, while the number of companies joining, including universities, associations, and business entities, was 96 companies, which is still too small when seen from the number of incorporated companies—law in

Semarang City.

Judging from company participation in 2022, it also appears to be decreasing; there are only a few companies that consistently implement CSR programs, namely:

1. PT Indonesia Power,
2. PT Phapros,
3. PT Bank Jateng,
4. Perumda BPR Bank Pasar,
5. Perumda Air Minum Tirta Moedal,
6. PT Pertamina,
7. PT Kawasan Industri Wijaya Kusuma,
8. PT Angkasa Pura Company,

And other state-owned companies are suspended or inactive or do not report CSR realization into the CSR application of the Semarang City Government, so the actual CSR realization still needs to be clarified. Suppose we can look at the number of activities over several years.

In that case, the highest is PT Phapros with 216 activities, PT PLN Indonesia Power with 204 activities, PT KITW with 61, etc. However, some companies have only carried out one or even 0 activities or have not reported it in the CSR application. If we look at the total value of CSR realization, each company will also be different, and the fields/categories will also be different, such as environmental development, education, etc.; of course, the impact will also be different.

By looking at the factual conditions of CSR provision in Semarang City, CSR application and triggering or triggering breakthroughs are needed, including giving CSR

Awards to companies that are active in caring for the environment and the future of MSMEs in Semarang City. The mechanisms include selecting, assessing, and determining the number of companies nominated. Those who participate or join in CSR applications still need to be commensurate with the existing potential; for example, looking at Kadin members, there are 460 companies, and Apindo 122 companies.

The perceptions of CSR vary, and there is hope for incentives from the government. The CSR forum in Semarang City has yet to be formally formed; this is one of the factors inhibiting the frequency of activities of companies active in CSR programs. The CSR award categories include the Higher Education, BUMN, BUMD, and BUMS categories, special awards for government priority programs, technical instructions for the stages and mechanisms for evaluating CSR Awards, etc.

Related to the current government program which is currently trending is the issuance of Presidential Instruction Number 2 of 2022, where companies are obliged to

provide CSR to MSMEs, and the publication of Presidential Instruction Number 4 of 2022, where the issuance of the Presidential Instruction is by the News Form from the Ministry of Home Affairs Number 400.4.2 /4505/ Banda dated March 10 2023 to accelerate the elimination of extreme poverty through village funds and Corporate Social Responsibility.

To carry out the selection, the Semarang City government requires an Assessment Guide for giving CSR Awards (Juknis), but if we look at the realization of active companies, there are only a few whether CSR can be given and what are the minimum requirements for companies to be active so that CSR awards can be given. Besides that, CSR provision must also be guided by ISO 26000 and other regulations, including environmental regulations, use of domestic products, acceleration of the elimination of extreme poverty, investment, etc.

The issuance of the government regulation above is one of the main trigger factors for increasing the frequency of activities of companies active in the CSR and PKBL (Partnership and Community Development Program) programs, namely guiding fostered partners. Coaching is provided to improve the economic ability of small businesses to develop. This guidance shows that the partnership program does not provide credit like other credit distribution institutions. Small business groups that have met the requirements and been accepted as fostered partners are given guidance to enable the businesses they run to develop.

## **2) The quality of CSR activities by the company, which contributes to the future of UMKM**

Indonesia's micro, Small, and Medium Enterprises (UMKM) contribute to national economic growth. However, its development still has many obstacles, such as ineffective partnership patterns and development that must meet expectations. Implementing the partnership model between UMKM entrepreneurs and medium and large-scale businesses has been improved by involving companies through the Corporate Social Responsibility (CSR) program.

Local governments are also involved through regulations with the concept of partnerships between UMKM entrepreneurs and medium and large companies. Ideal partnerships are based on business linkages through mutual need, strengthening, and benefit. The obstacles faced include coordination between stakeholders, which still needs to be improved. Increasing partnerships between UMKM and medium and large businesses is hoped that existing obstacles, such as limited resources, can be overcome.

### **CSR program involvement**

To overcome this, development is needed regarding partnership relations between UMKM and medium- and Large-scale Enterprises. One program that could be used as an intermediary for this development is the Corporate Social Responsibility (CSR) program. The CSR program is a product of criticism from adherents of dependency and underdevelopment theories in the 1960s. These adherents assume that the economic development of communities in developing and underdeveloped countries is the product of unequal relations. This program is considered capable of being an intermediary for developing MSMEs (Albar, 2011; Castle, 1982).

CSR is implemented in a triadic relationship involving government, companies, civil society, and the three intersections. Suppose you follow the description of this relationship. In that case, the government develops CSR public policy to increase its social responsibility. In contrast, in the relationship between the business world and government, this public policy is designed to increase practical CSR activities in the business world. In the relationship between government and society, public policies are developed to increase the awareness of civil society stakeholders. CSR public policy must also support collaboration between government, business actors, and society (Albareda et al., 2007).

In increasing the potential for UMKM activities in the city of Semarang, the main thing is increasing the capacity of superior and productive human data sources to achieve prosperity and increasing the potential for a local economy that has competitiveness and stimulating industrial development based on research and innovation with the principles of good governance.

It is hoped that the CSR program can be used as an intermediary for development regarding partnership relations between UMKM and medium or large-scale businesses. Implementation in supporting UMKM can run well if relationships involving government, companies, and civil society run harmoniously. In this case, the government is increasing its social responsibility, a public policy designed to increase practical CSR activities supporting UMKM. This public policy was developed to increase stakeholder awareness, which the government supports. The management of CSR programs to increase the competitiveness of UMKM leads to the formation of UMKM with the concept of community development, where this pattern aims to increase human resources, marketing, production, and technology capabilities. Therefore, we realize that the condition of UMKM requires development support and great attention.

Moreover, developing UMKM is directed at contributing to economic growth, creating employment opportunities to increase the income of low-income communities, and expanding access to medium and large-scale companies. CSR involvement is an alternative for strengthening UMKM; this is one of the determining strategies for building strong and competitive UMKM in the future.

## **CONCLUSION**

From the study above, the existence of the Government's strategic management through the CSR program in realizing the commitment and contribution to the future of UMKM is considered good. However, there are still several different perceptions regarding the existence of CSR. Apart from that, the CSR forum in Semarang City has yet to be formally formed. This is one of the factors inhibiting the frequency of company activities

that are active in CSR programs. The CSR award categories should be aimed at Higher Education, BUMN, BUMD, BUMS, special awards for government priority programs, technical instructions for the stages and mechanisms for evaluating CSR Awards, etc.

Apart from that, by increasing partnerships between UMKM and medium and large businesses, it is hoped that existing obstacles, such as limited resources, can be overcome. Therefore, to overcome this, development is needed regarding partnership relations between UMKM and medium- and Large-scale Enterprises. One program that is very appropriate and still good to continue is the Corporate Social Responsibility (CSR) program.

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