

# A Corporate Social Responsibility Model for Sustainable Development for MSMEs

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**Abstract**— The modern aim of corporate social responsibility is to fulfill the sustainability point. It requires an event path to make sure the long-term purpose and sustainability points are achieved. The sustainability aims could be financial, social, or system which could give long-term benefits even after the CSR period has ended. Rumah BUMN Lombok Barat is the corporate social responsibility of PT PLN UIW NTB with the Ministry of State-owned Enterprises. The aim of this paper is comparing the strategic framework of Rumah BUMN Lombok Barat with other Modern CSR models, explain additional indicators that create the long-term impact of sustainable CSR Model, and to know the key activities or events in Rumah BUMN Lombok Barat on accelerating the MSMEs. This research uses a qualitative and descriptive approach. The author found that through development events, business opportunities, treasury program, passive income in capital market, SIMADU, directing to renewable energy, business networking, free training, and hospitality services. The CSR Model of RBUMN Lombok Barat is new model. Compare to existing model, there are two indicators added into the system which is technology and investment aspects. Those two indicators strengthen the short-term, long-term impact, and sustainable points.

**Keywords**— Social Responsibility, Sustainable Development, CSR Model.

## I. INTRODUCTION

In earlier times, the corporate social responsibility model focused on how the program is applied successfully based on what the customer or people needed. At the time, it is very costly due to additional and uncertain expenses. CSR in Micro, Small, and Medium Enterprises (MSMEs) has strong relations with stakeholders' trust. The traditional CSR beneficiary expects direct feedback such as money, goods, or services that are provided. CSR has added a third dimension to the two primitive coordinates of demand, *i.e.* to price and quality (Bosch-Badia et al., 2013). So, the old model of CSR could only solve short-term issues, not sustainability.

This paper will cover sustainable strategy for modern CSR in developing micro small medium enterprises. Strielkowski says that today CSR is an evolving and dominating business practice that integrates sustainable development into a company's business model (Strielkowski et al., 2021). Corporate social responsibility is essentially aimed at creating a new social awareness in the business world that is compatible with strategies for maximizing profits, even though profit maximization is done indirectly (Strielkowski et al., 2021).

Rumah BUMN Lombok Barat is the corporate social responsibility of PT PLN UIW NTB with the Ministry of State-owned Enterprises. They applied the new model of CSR

which could reach all benefits above in terms of developing MSME, Company benefits, and social experience. by analyzing the key process step by step, people could learn more and see the output which is also directly implemented in MSMEs. This CSR Project applied for MSMEs located in the West Lombok Region which consists of 119 villages.

There are several problems appear based on the explanations above:

1. Is Rumah BUMN Lombok Barat implementing a new strategic model on CSR?
2. How did Rumah BUMN Lombok Barat generate a strategic CSR program that gives sustainable benefits to corporate stakeholders?
3. Could Rumah BUMN Lombok Barat improve the quality of MSMEs through a strategic CSR program?

The research purpose of A Strategic Model of Corporate Social Responsibility Program for Sustainable Development Involving Micro, Small, And Medium Enterprises is:

1. Comparing the strategic framework of Rumah BUMN Lombok Barat with other Modern CSR models
2. To explain additional indicators that create the long-term impact of sustainable CSR Model
3. To know the key activities or events in Rumah BUMN Lombok Barat on

### A. Corporate Social Responsibility Evolution

With the revolution of industry, the corporate social responsibility strategy by companies also changed. It is caused by the economic environment and also the business process, the fundamental change is the form and structure of CSR. CSR is a component of the overall strategy of the enterprise, aimed at solving social, economic, and environmental problems, ensuring sustainable development at the level of individual enterprises and at the macro level, taking into account the interests of all stakeholders that are included into the management system of the organization based on the integration of relevant actions into the business processes and values of the company and helps ensure the target level of performance of the organization (González-Masip, 2020).

Short-term corporate actions have irrefutable impacts on the environment, society, and economy which is why the long-term perspective of CSR is important for the health of the planet (Shayan et al., 2022). The modern version of CSR was developed by Jonh Elkington in his book entitled Cannibals With Forks, according to this concept the company conducts CSR to pay attention to the needs of the welfare of the community (people), and sustainability of the environment

(Planet) beside gaining the economic benefits (Profit) (Pakuanzahra et al., 2021). Scientists consider the current significance and role of CSR in the world, define CSR and socially responsible business, and determine the basic principles, goals, and objectives of CSR (González-Masip, 2020). The modern CSR concept could solve complex problems at the same time. Nowadays, the concept of CSR is quite complex and complicated; it covers various functional areas of the enterprise (González-Masip, 2020). Based on the explanation above, here is the summary of the modern CSR model refers to the impact:

In general, the objectives of the programs for MSMEs are Go Modern, Go Digital, and Go Online. The framework goes beyond those aims, it provides sustainable team ability, CSR's financial sustainability, and SMEs Monitoring through a website and mobile app. Based on this framework, the system of developing SMEs not only focuses on the output of MSMEs' transformation but also on how CSR could exist for a long-term period with a smart development system.

## II. RESEARCH METHODOLOGY

This research uses a qualitative approach to analyze the strategy that Rumah BUMN implemented to reach sustainable development involving MSMEs. The analysis process includes the development process, events, impacts, and monitoring process in developing Micro, Small, and Medium Enterprises. The descriptive method analyzes the main problem or objectives with current situations. Descriptive research involves collecting data in order to test hypotheses or to answer questions concerning the current status of the subject of the study, trying to get deep data and information about the object by giving detailed data and information (Sahin & Mete, 2021). The narrative data analysis technique is used by researchers to rewrite what they found during the data collection process. Narrative research techniques were used to analyze and synthesize the data (Yaklin et al., 2022). There must be summaries based on several thematic frameworks to support the research ideas and findings. And then, in the last part, the author will give some suggestions to improve the ideas to get better results of CSR in the future in terms of implementation and academic purposes.

## III. RESULTS AND DISCUSSION

RBUMN Lombok Barat implemented new model of CSR since 2019. The fundamental of the program is business development, mentoring and monitoring, and sustainable development. Throughout observation and interview with all stakeholders, found that there are several key comparison points of RBUMN Lombok Barat which make RBUMN Lombok Barat generate long-term impact as sustainable CSR strategy on developing MSMEs which is Stakeholder Business Process, Social, Environment, Technology, Investment. Here the explanation

### A. Stakeholder Business Process (Economic)

#### 1) Business Opportunities

RBUMN Lombok Barat reach not only company's profit but also company's future market throughout customer data on

SIMADU. Rumah BUMN Lombok Barat provide MSMEs data which very important to see customer profile and behavior. It will help company to generate potential customer which have big capacity of electric energy easier

#### 2) Company's Profit

By giving electric stove to MSMEs, the demand on electricity would increase which giving additional revenue to PT PLN. This activity could be done continuously, because the number of MSMEs grow day by day as their potential new customers.

#### 3) Marketing Costs and Brand Awareness

In term of marketing and new acquiring customer cost, PT PLN UIW NTB could decrease its cost by using existing customer data in SIMADU. The growth of MSMEs' size has positive correlation with the need of production energy, so PLN UIW NTB does have to spent too much costs on advertising to propose new customers. In addition, company could involve MSMEs when they launch marketing campaign. The network among MSMEs is suitable with company's future market.

#### 4) Investment Account

Conducting investment in capital market, MSMEs will have passive income when the business goes down. By allocating certain amount of money when the business goes well, MSMEs create their mitigation plan to prevent the financial risks. So, the MSMEs survivability on financial aspects increase automatically. If the risks do not appear, MSMEs will have additional fund from ROI to improve their product, so they will have product life cycle longer than before.

#### 5) Business Networking

Rumah BUMN Lombok Barat organized business networking sessions. There is investor pitching, market fitting, and interMSMEs collaborations. Throughout those events, MSMEs could grows their revenue significantly. MSMEs instantly have new connection to its buyer, and the most important things are customer loyalty which create customer

### B. Social

#### 1) Free Events & Training

There are lot of free training and mentoring events each year. All participants do not have to spend money to learn about new things on developing their business. These facilities already covered by RBUMN. All the 21 learning modules are free, including the intensive mentoring, market fitting, and investor pitching.

#### 2) Hospitality Services

Rumah BUMN Lombok Barat basecamp design adopted the co-working space, Rumah BUMN Lombok Barat make sure MSMEs have good mood when they discussed in the basecamp. There are several facilities such as photo and video studio, theater room, seminar rooms, office, and coffee shop. Those facilities are free including unlimited food and beverages for MSMEs or registered participant of Rumah BUMN Lombok Barat

#### 3) Scholarship for CSR Team

RBUMN Lombok Barat gave scholarship to CSR team. RBUMN provide around three scholarship a year for the team.

The selection process involves individual yearly KPIs report. This activity allows them to improve their personal soft and hard skill. This program regularly held every semester.

C. Environment

1) Directing MSMEs to Renewable Energy

There are several seminars or workshops discuss about this topic. RBUMN genuinely realize that it is not enough to solve the climate issues. More than half MSMEs have food and beverage business, so, PT PLN UIW NTB triggered them by giving electric stove and utensils which they could use to the production process.

2) Learning Module about Green Energy

One of the 21 Learning Modules is Production Costing. In this module, MSMEs could count the total costs of the product. It helps MSMEs realize that the cost production decrease when they use electric-based energy. The CSR team gave product costing workshops regularly, so MSMEs aware about cost efficiency on production process if they use electric based.

D. Technology

1) SIMADU

SIMADU is information and data management of MSMEs. The CSR team created the website-based system to monitor the improvement of MSMEs. SIMADU helps the team to create and report the development activities. In term of internal coordination, SIMADU direct MSMEs to collaborate and actualize their product into the next level. This online platform provides several modules to learn such marketing, finance, HRM, and operations.

E. Investment

1) Treasury Program

The initiative of RBUMN Lombok Barat to utilize temporary the CSR fund as equity to invest in capital market will increase the fund of CSR. By increasing the amount of CSR fund, the team could explore more events or direct benefit to MSMEs which bring up the MSMEs' motivation to join the program. By having additional fund from treasure program, RBUMN Lombok Barat could increase the number of MSMEs which will be improved for a year period.

To have clear view on comparison between modern model with Rumah BUMN Lombok Barat CSR model (new), here the summary table which compare the indicators and sub indicators:

TABLE 1. Comparison modern model and RBUMN CSR

Modern Model		Rumah BUMN Lombok Barat	
Indicators	Sub Indicators	Indicators	Sub Indicators
<b>Economic</b>	-Company's Profit -Company's brand awareness -MSMEs' Revenue	<b>Economic</b>	-Business Opportunities -Company's Profit -Marketing Costs -Brand Awareness -Investment Account -Business Networking
<b>Social</b>	-Social Status -Social Networks	<b>Social</b>	-Free Events & Training -Hospitality Services -Scholarship for CSR Team

<b>Environment</b>	-The Energy on Production Process -Renewable Energy	<b>Environment</b>	-Directing MSMEs to Renewable Energy -Learning Module about Green Energy
		<b>Technology</b>	-SIMADU learning information and data management of MSMEs
		<b>Investment</b>	-Treasury Program

In term of sustainability, RBUMN Lombok Barat provide sustainable CSR. For instance, if the CSR's is stopped by PT PLN UIW NTB, the CSR program could be continued by utilizing the ROI from treasury program. It would fulfill the operating costs. Due to high level of asset liquidity, it might be used anytime to fund the program. Still, if the whole program is shuttled down, the development program could be continued by CSR team, because they already accept the 21 learning modules to develop MSMEs. Moreover, MSMEs can access SIMADU to develop their product and business process through collaboration and learning modules.

IV. CONCLUSION

The model of Rumah BUMN Lombok Barat on developing MSMEs to create sustainable Corporate Social Responsibility is already suitable with modern CSR approach. according to modern CSR Model by the latest research said that there are three pillars; economic, environment, and social aspects. RBUMN implemented it correctly since 2019.

Through development events, business opportunities, treasury program, passive income in capital market, SIMADU, directing to renewable energy, business networking, free training, and hospitality services, RBUMN Lombok Barat could be new model of CSR which generate wider impact. It is not only for short-term but also for the long-term run. On the other side, the benefit of this CSR is directly impact to PT PLN UIW NTB as sponsor of the program. Company could increase their revenues by enhancing their sales to CSR participants. In addition, for the long-term goals, by optimizing SIMADU as their data center, PT PLN could see potential buyer for their products.

The CSR Model of RBUMN Lombok Barat is new modern model. Compare to modern model, there are two indicators added into the system which is technology and investment aspects. It supports the sustainability points which could increase the existence of the CSR even the program is shut down by stakeholders. Those two indicators strengthen the short-term and long-term impact. Still, the technology aspect also weighs the company business process directly.

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