

## The Powers of Corporate Social Responsibility (CSR) To Raise The Small Medium Enterprises in Indonesia

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**Abstract.** At this time the culture of Pancasila democracy in the country of Indonesia began to erode due to the impact of globalization and I.R 4.0. The life pattern of the nation and state has been influenced by the westernization style. The changes impact to Indonesia's multicultural society which increasingly forgets the noble values of the nation, culture, norms, customs that have been passed down by ancestors. The nation's generation is the next bet, where the culture or noble values that are built into the democratic system have led to the understanding of liberalism, individualism and capitalism. The serious and critical threat of understanding Pancasila democracy based on mutual cooperation, kinship, togetherness, deliberation reached consensus. The government worked hard in the Nawacita Program to reduce the number of poor people so far but sadly, it has not been able to maximize the gap between the poor and the rich. Funds set aside for corporate CSR are one of the obligations that have been regulated in positive law in Indonesia. This CSR arrangement has been regulated in several laws in Indonesia. The figures reach hundreds of billions to trillions. Based on data from the Central Statistics Agency (BPS) the open unemployment rate (TPT) per August 2018 was recorded at 7 million people, equivalent to 5.34% of the total workforce of 131.01 million people. BPS data also showed that last year's TPT increased compared to the February 2018 position of 6.87 million people or an increase of 130,000 people. BPS also classifies, TPT originating from vocational education is 11.24%, high school graduates are 7.95%, Diploma I / II / III graduates are 6.02%, University graduates are 5.89%. Middle school graduates are 4.80%, and elementary school (SD) graduates are 2.43%. Large factories and companies in Indonesia are currently facing the 4.0 Industrial Revolution and political years. Many have laid off because of the increasingly worrisome economic conditions, even many companies are out of business. With this large number of unemployed people. Even more important is how the CSR program that has been standardized in the Law can be a force in accelerating the increase of MSMEs as the government of Joko Widodo-Jusuf Kalla in 2016 launched a Micro, Small and Medium Enterprises (MSMEs) as an important pillar of Indonesia's economy in the face of the era of the ASEAN Economic Community (MEA), and now Jokowi's government got the second period to solve the problem of Indonesia's nation's inequality and unemployment living in a world-paradise country based on Pancasila democracy.

**Keywords:** 1 Pancasila · 2 Good Corporate Governance · 3 Culture · 4 Mindset · 5 Life Style

### 1. INTRODUCTION

The objectives of the Indonesian State are listed in the fourth paragraph of the Preamble of the 1945 Indonesian Constitution, which reads, "Then from that, to form an Indonesian State Government that protects the entire Indonesian nation, and all the bloodshed of Indonesia, and to promote public welfare, educate life nation, and participate in carrying out world order based on independence, eternal peace and social justice, then the independence, the nation of Indonesia was compiled in a constitution of the state of Indonesia, which is formed in a composition of the Republic of Indonesia which has the people the basis for the One Godhead, the Just and Civilized Man, the Unity of Indonesia, and the people who are led by wisdom to be wise in per deliberation / representation, and by Realizing a Social Justice for the Entire Indonesian People ".

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Joko Widodo (Jokowi)-KH Ma'ruf Amin offered in furthering the vision of *nawacita* for 2019-2023, and the following are the core of nine programs: 1. Bring back the country to protect all nations and provide security to all citizens, through free and active foreign policy, trusted national security and the development of integrated state defense *Tri Matra* based on national interests and strengthen identity as a maritime country; 2. Make the government not absent by building clean, effective, democratic and trustworthy governance, by giving priority to efforts to restore public trust in democratic institutions by continuing democratic consolidation through reform of party systems, elections and representative institutions; 3. Build Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state; 4. Refusing weak countries by implementing system reform and law enforcement that are corruption-free, dignified, and trusted; 5. Improve the quality of Indonesian human life through improving the quality of education and training with the "Smart Indonesia" program; as well as improving the welfare of the community with the "Indonesia Employment" and "Prosperous Indonesia" programs by encouraging 9 hectares of land reform and land ownership programs, series of village house programs or subsidized low-cost apartments and social security for the people in 2019; 6. Increase people's productivity and competitiveness in the international market so that the Indonesian people can advance and rise with other Asian nations; 7. Realizing economic independence by moving strategic sectors of the domestic economy; 8. Revolutionizing the nation's character through a policy of restructuring the national education curriculum by prioritizing aspects of citizenship education, which places proportionally the aspects of education, such as teaching history of national formation, patriotism and love of the country, the spirit of defending the country and character in the curriculum Indonesian education; 9. Strengthening diversity and strengthening Indonesia's social restoration through policies to strengthen diversity education and create dialogue spaces between citizens.

In this day and age, all changes cannot be avoided. If we are not able to keep up with the times, we will be dragged and trapped through this era. At present the world is heading to the gate of the industrial revolution 4.0.

At present, the Ministry of Manpower's data shows, out of a total of 128 million workforce, there are 7.04 million open unemployed people. Meanwhile, in the labor market, there are 51 million part-time workers.

In Indonesia, *Pancasila Economy* is an economic system based on the *Pancasila* ideology, based on the principle of kinship, togetherness and national mutual cooperation. This system gives freedom to every citizen to try or build an economic business evenly.

Law of the Republic of Indonesia No. 19 of 2003 concerning State-Owned Enterprises. State-Owned Enterprises are one of the economic activity actors in the national economy based on economic democracy; State-Owned Enterprises have an important role in the implementation of the national economy in order to realize public welfare; The implementation of the role of State-Owned Enterprises in the national economy to realize public welfare is not optimal.

In Article 2 paragraph (1), it is explained that the purpose and objective of the establishment of a State-Owned Enterprise is to: (a). contribute to national economic development in general and state revenues in particular; (c) carrying out public benefits in the form of providing high-quality and adequate goods and / or services for the fulfillment of the lives of many people; (d) pioneering business activities that cannot be implemented by the private sector and cooperatives; (e) according to actively providing guidance and assistance to economically weak entrepreneurs, cooperatives and the community.

Article 88 paragraph (1) states that a State-Owned Enterprise can set aside a portion of its net income for the purpose of fostering small businesses / cooperatives as well as fostering communities around SOEs. Article 34 states that for an open company the provisions of this Act apply and Law no. 1/1995 (which has been updated to Law No. 40/2007) to the extent that it is not regulated in the regulations on legislation in the capital market sector. In Article 4 of Government Regulation No. 47/2012, it is stated that Social and Environmental Responsibility is carried out by the Board of Directors based on the company's annual work plan after obtaining approval from the Board of Commissioners or General Meeting of Shareholders in accordance with the company's articles of association. The company's annual work plan contains planned activities and budgets needed for the implementation of Social and Environmental Responsibilities.

The technical implementation of the Partnership and Community Development Program is regulated in the Minister of SOE Regulation number Per-05 / MBU / 2007 dated 27 April 2007 which was amended by PER-20 / MBU / 2012 dated 27 December 2012 then amended by Regulation of the Minister of BUMN Number: PER-08 / MBU / 2013, Until finally in 2015 through the BUMN Ministerial Regulation No: Per-09 / MBU / 07/2015 specifically and thoroughly regulated the Environmental Development Partnership Program. Based on article 2 paragraph (1) letter e of Law Number 19 of 2003 concerning State-Owned Enterprises, one of the aims and objectives of establishing State-Owned Enterprises (SOEs) is to actively provide guidance and assistance to economically weak entrepreneurs, cooperatives, and society. Article 88 of Law Number 19 of 2003 concerning State-Owned Enterprises regulates that State-Owned Enterprises can set aside a portion of their net income for the purpose of fostering small businesses / cooperatives as well as fostering communities around BUMN, and; Provisions regarding fostering small businesses / cooperatives as well as fostering communities around SOEs have been regulated in the Minister of SOE Regulation Number PER-07 / MBU / 05/2015 concerning the Partnership Program of State-Owned Enterprises with Small Businesses and Community Development Programs.

Article 8 paragraph (1) states that the Funding Source of the Partnership Program and Community Development Program comes from the letter a. Provision for net profit after tax stipulated in the General Meeting of Shareholders / Ministers ratification of the Annual Report of the State-Owned Public Agency of the Trustee is a maximum of 4% (four percent) of the previous year's post-tax profit; letter b. Loan administration / margin / profit sharing services from the Partnership Program; letter c. Results of deposit interest and / or current account services from the placed Partnership Program and Community Development Program funds; and letter d.

Another legitimate source. Paragraph (2) states that the remaining funds of the previous year's Partnership Program and Community Development Program were the source of funds for the following year. Paragraph (3) states that the Partnership Program and Community Development Program Funds derived from the provision of profit after tax as referred to in paragraph (1) letter a shall be deposited into the Partnership Program and Community Development Program fund account no later than 45 (forty five) days. after the determination of the amount of fund allocation. And Paragraph (4) states that the Partnership Program and Community Development Program Funds can only be placed on deposits and / or current account services at the State-Owned Enterprises Bank.

If we explore both the law and ministerial regulations or government regulations above where CSR funds originating from State-Owned Enterprises or companies in the form of other legal entities that can be arranged in zoning areas of the existence of State-Owned Enterprises or companies will certainly have an impact remarkable in lifting the economic bottom.

The "mandatory" sentence and clear sanctions need to be applied in implementing this CSR, especially in the CSR Forum, where if the implementation of good governance adheres to the criteria of Transparency, Accountability, Responsibility, Independent and Fairness is not implemented properly. This needs firmness, openness, and conscience from the parties entrusted in the CSR Forum as already in Ministerial Regulation No. 13 of 2012 concerning the Forum on Business Responsibility in the Implementation of Social Welfare.

Micro, Small and Medium Enterprises are an industrial pattern that is practiced by most people in Indonesia because the main capital in running a Small and Medium Enterprises is still affordable compared to opening a macro business that requires large capital.

With a large population of productive ages, it should be empowered from various sides. Starting from education, not only printing factory workers, but graduates of education both high school and tertiary institutions are able to print scientists, entrepreneurs not workers.

The micro, small and medium enterprises (MSMEs) sector has a great opportunity to enter the industrial era 4.0 but also, the biggest challenge facing MSMEs in this revolutionary era 4.0 is their ability to adapt in Artificial Intelligence, Internet of Things, currently there are still many MSMEs that are Go-Offline.

If the Indonesian people's creativity program is built through the intervention of State-Owned Enterprises and company companies that have CSR funds as well as human resources as community guides in building small and medium-sized businesses or cooperatives as an obligation "around the company is located, a radius of 1 km", of course forward there will be no more poor, neglected, actual unemployed people who are aspirations contained in the 1945 law.

Indeed, something is easy to write but difficult to implement, but anything that is good, true and wise requires good, right and wise human resources to apply it to the national culture and lifestyle of the Indonesian people we love.

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