The Autonomous Development Strategies of Micro and Small Entrepreneurs Through Corporate Social Responsibility in Bogor District of West Java

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Abstract - The objective of this research were to: (1) analyze the level of autonomous of mikro and small enterprise (SMEs) entrepreneurs are empowered through Corporate Social Responsibility (CSR); (2) analyze the dominant factors that influence autonomous of SMEs entrepreneurs are empowered through CSR; and (3) formulate an appropriate strategy in developing autonomy of SMEs entrepreneurs through CSR. The research was conducted in the village built two companies running CSR in Bogor district involved 212 (SMEs) entrepreneurs which determined from population (450 SMEs entrepreneurs) by Solvin formula with level of error 5% and drawn by cluster random sampling. Data collection was conducted from July to November 2013, and consisted the primary and secondary data. Data analysis was simulated by using structural equation model (SEM). The results showed that the degree of autonomous SMEs entrepreneurs is low, its core was 36.89 out of 100.00. There are three strategies that must be done to develop of autonomous SMEs entrepreneurs through CSR, such as; (a) an increase the empowerment sustainable of SMEs entrepreneurs (b) improve the quality of the environment supporting SMEs and (c) an increase in intensity of empowerment for SMEs entrepreneurs.

Keywords: autonomous, corporate social responsibility, empowerment, empowerment sustainable, micro-and small-entreprises entrepreneurs

Introduction
The development in Bogor Regency has not able to decrease the level of poverty and unemployment in the area. In 2010, the number of impoverished population is 9.97% and level of open unemployment is 15.99%. This situation has brought Bogor as a regency with the largest number of impoverished population and unemployment in West Java Province. The situation is caused by the under development of micro and small enterprises (MSEs), which is the pillar for economic development in the area (Bogor Government 2011 and Directorate General of Regional Finance of Ministry of Finance of the Republic of Indonesia 2013). As a pillar, MSEs is recognized as having an important role in the growth and development equality, in creating jobs and alleviate poverty (Tambunan 2013; Ayanda & Laraba 2011; Jasra et al. 2010; and Muritala et al. 2012).

The role of MSEs needs to be increased through the development of its human resources’ autonomy. However, in order to achieve the autonomy of MSEs entrepreneurs, an increase in empowerment sustainable is needed through empowerment process (Ife 2002; Sulistiyani 2004; Suharto 2005; and Sumardjo 2012). In line with the thought of Suharto (2010), Sumaryo (2011), Rahman et al. (2011), Amran et al. (2013), Juggernath et al. et al. (2011) on the implementation of Corporate Social Responsibility (CSR), it is not only government who responsible with the empowerment to achieve autonomy of MSEs.
entrepreneurs but also the company through CSR. Through CSR, the empowerment of MSEs entrepreneurs can be done with activities in education, facilitation and representation (Kartasasmita 1997; Suharto 2005; and Ife & Tresierero 2008).

In educational activities, the activities are conducted through training and counseling by providing material, method and trainers or instructors as needed to improve empowerment sustainable and autonomy of MSEs entrepreneurs. Facilitation is applied through encouragement, support, guidance and assistance in applying empowerment sustainable and autonomy aspects. Representation is conducted through corporate efforts to interact with external parties to represent the interest of MSEs entrepreneurs.

Empowerment sustainable of MSEs entrepreneurs is their ability to choose and manage the business based on their own potential and desire manifested in the ability of being proactive, personal leadership and business management ability (Covey 2013). The proactive ability is reflected by their ability to use freedom to determine rational options, take initiative to find opportunities and best ways in business, and being responsible in their business options (Covey 2013; Tastan 2013; and Greguras & Diefendorff 2010). Personal leadership is showed by their ability to determine vision and steps to achieve business goals (Covey 2013). Managerial ability is reflected by their ability to apply principles management in planning, marketing, capital and production process (Covey 2013 and Directorate General of Informal Education of the Ministry of Education of the Republic of Indonesia 2010). Based on Sadono’s (2012) finding on factors influencing the empowerment of paddy farmer, it is presumed that the empowerment of MSEs entrepreneurs will be influenced by the intensity of the empowerment, individual characteristics and environment supporting MSEs.

In addition, the autonomy of supporting is their ability to choose and manage the business according to their own interest and to cooperate with other parties based on mutually need and mutually beneficial principles in equality (Cartwright and Zander 1968; Covey 2013; Sumardjo 1999; Slamet 2003; Sumardjo 2012). It consists of ability to partner, emphatic communication, synergy, anticipative, modernity and competitiveness (Covey 2013 and Sumardjo 1999). Ability to partner is an ability to mutually need and beneficial cooperation with every stakeholders in equality for the sustainability of business. Ability to emphatic communication is reflected by the ability to observe, listen, understand and interpret every stakeholder’s interest and give appropriate response. Ability to synergy refers to the ability to cooperate with stakeholders in order to multiply business’s benefit, productivity and advancement.

Anticipative is reflected by the readiness to predict future condition and condition related to the business and in turn, an ability to face problems and utilize business opportunities. Modernity is reflected by the ability to be open to information, technology and science and knowledge development and have present and future orientation in business. Competitiveness refers to the readiness to give priority to quality and fulfill the commitment or hope of every stakeholder in running the business. Based on the findings of Sumardjo (1999), Utami (2007) and Marliati (2008), it is predicted that the autonomy of MSEs entrepreneurs will be influenced by individual characteristics environment supporting MSE, intensity of empowerment and the empowerment sustainable of MSEs entrepreneurs.

Numerous companies in Bogor Regency have conducted CSR, two of them are state owned company (BUMN) and transnational private company. Both companies have applied CSR (including MSE empowerment) in Bogor Regency since 1990s. Problems in the research are: (1) to the extent of which the autonomy of MSEs entrepreneurs empowered through CSR; (2) what are the dominant factors influencing the autonomy of MSEs entrepreneurs empowered through CSR; and (3) what is the appropriate strategy for the development of autonomy of MSEs entrepreneurs empowered through CSR. The research aims to (1) analyze the autonomy level of MSEs entrepreneurs empowered through CSR; (2) analyze the dominant factors influencing the autonomy of MSEs entrepreneurs empowered through CSR and (3) formulate an appropriate strategy of the development of autonomy of MSEs entrepreneurs empowered through CSR.

Research Method

The research was designed as quantitative research with survey approach. The research was conducted in 11 villages trained by a BUMN in Nanggung sub districts and in 12 villages trained by a transnational private company in three sub districts (Citeureup, Gunung Putri and Klapanunggal) in area of Bogor Regency, West Java Province. The research was conducted from June to December 2013.

Research population was MSEs entrepreneurs, trained partners of corporate social responsibility (CSR) program of both companies. The population was 450 people with the following business: trade, agriculture, household industry, and service. Slovin formulation was used to select sample of 212 MSEs entrepreneurs (Sevilla et al. 1993) with level of error 5 %. Sample collection was conducted using cluster random sampling with type of company of BUMN and National Private as the cluster. Primary data collection was conducted through interview, direct observation and questionnaire. The questionnaire should fulfill requirements of validity and reliability with value of 0.6830-0.8990 and 0.9470-0.9675, respectively. Secondary data gained from the companies and related institutions. Data analysis was conducted using descriptive statistic and inference statistic such as structural equation model (SEM) with assistance of Lisrel 8.30.
Result and Discussion

Level of Autonomy of Micro and Small Entrepreneurs

Table 1 indicates the level of autonomy of most MSEs entrepreneurs, the trained partners of CSR of state owned company (SOC) and transnational private company as reflected by their ability to partner, communicate empathetically, synergy, anticipative, modernity and their competitiveness in business is in low category. There is no real different between the level of autonomy of MSEs entrepreneurs of the CSR programs of both companies.

Most of MSEs entrepreneurs have partnership network in input supply; however, it has not been developed for capital, marketing and production aspects. They have not mastered the principle of emphatic communication with consumers and business partners;

Table 1. The Distribution of MSEs entrepreneurs based on Autonomy Category and Tests between types of companies (n=212)

<table>
<thead>
<tr>
<th>Variables' Indicator</th>
<th>Category</th>
<th>Quantity (percent)</th>
<th>The average of score</th>
<th>Significance (t test)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to partner</td>
<td>Low</td>
<td>66.5</td>
<td>38.00</td>
<td>48.07</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>9.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>23.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to communicate empathetically</td>
<td>Low</td>
<td>67.5</td>
<td>36.74</td>
<td>40.99</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>8.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>24.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to synergy</td>
<td>Low</td>
<td>99.5</td>
<td>8.90</td>
<td>11.96</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>0.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>0.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anticipative</td>
<td>Low</td>
<td>66.5</td>
<td>39.99</td>
<td>49.30</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>5.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>27.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modernity</td>
<td>Low</td>
<td>66.5</td>
<td>41.61</td>
<td>42.92</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>4.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>29.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitiveness</td>
<td>Low</td>
<td>66.0</td>
<td>45.83</td>
<td>59.46</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>2.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>31.1</td>
<td></td>
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</tbody>
</table>

Source: Primary Data Analysis, 2014
Description: category of score: low: 0-50; medium: 51-75; high: 76-100 SOC: state owned company; TPC: transnational private company

Chi-square = 110, df = 95, p-value 0.1268, RMSEA=0.028, GFI=0.94, CFI=1.00, AGFI=0.91

Figure 1. Structural Model of the Development of Autonomy of Micro and Small Entrepreneurs through Corporate Social Responsibility

In the development of autonomy of MSE entrepreneurs, proactive capability is strong foundation to improve ability to partner, modernity and competitiveness.

Business management ability of MSEs entrepreneurs is in low category. They have mastered production technique or services; however, they have less understanding on principles of planning, the need to adjust the product based on consumers’ need or hope; they have not considered competitors’ strengths and weaknesses, and lack of knowledge on company’s financial accounting. MSEs entrepreneurs who have business management ability have bigger opportunity to be independent partner, especially in the ability to develop partnership, communicate
empathetically, anticipate, create modernity and face business competition.

Personal leadership of MSEs entrepreneurs reflected through the ability to determine business goals, hope, and vision and steps to achieve them is in low category. Most of MSEs entrepreneurs have no future hope or goals (vision) and steps to achieve the goals in their business. They are seldom to take lesson from business failure and easy to give up in facing problems. Whereas, strong personal leadership has positive and significant contribution on the increase of autonomy of MSEs entrepreneurs, especially in the aspect of modernity and business competitiveness.

The quality of environment supporting MSE reflected through the availability of marketing network, capital sources, information resources, transportation networks is in low category. The availability of market offering input and production equipments are mostly affordable for MSEs entrepreneurs who are in fields of trade, agriculture, and household craft; however, they have difficulty to reach market that able to accommodate their product in profitable price. Capital sources in formal financial institutions are inaccessible by most of MSEs entrepreneurs due their inability to meet administrative procedures and asset guarantee determined by the institutions. The availability of marketing information for product is not completely affordable for them. Generally, in their environment, road facilities are available in good condition; however, public transportations are not sufficient and the cost is relatively expensive. The low quality of supporting environment of the MSE is a factor restraining the development of autonomy of MSEs entrepreneurs, especially in developing partnership, building emphatic communication, taking anticipative steps, creating modernity and developing business competitiveness.

Facilitation, representation and education activities conducted through CSR are indicators for intensity of MSEs entrepreneurs empowerment. The indicators are in low category. Facilitation activities that bias toward capital loan are less supportive for the development of autonomy of MSEs entrepreneurs. Capital loan is not the only thing needed by MSEs entrepreneurs but they also need stimulation, encouragement, guidance and support in various aspects, such as: partnership development, development of emphatic communication, problems identification and solving in order to be more anticipative in their business; opening up to information and technology development related to the business; self capacity improvement through training and the fulfillment of quality and commitment to achieve business competitiveness.

Representation activities realized through company's effort to bridge the interest of MSEs entrepreneurs with external parties (such as, source of innovation and technology, capital sources, market actors) is merely to engage MSEs entrepreneurs who work in craft field in fair activities. It contributes to the low autonomy of MSEs entrepreneurs, especially in partnership, modernity and competitiveness aspects.

Education activities in form of training and counseling for MSEs entrepreneurs work in the field of agriculture and household crafts are conducted with material, method and trainers unsuitable to the need to improve autonomy of MSEs entrepreneurs. Training material is limited to production aspect and does not cover capital and marketing aspects. Whereas, as found in the research of Damanik et al. (2013) on the capacity of women processing traditional sago in Maluku, the main weaknesses of MSEs entrepreneurs are capital and marketing aspects. Moreover, result from a study from Effendy and Subandi (2010) found that it is important that in order to improve autonomy of MSEs entrepreneurs, training material should be related to partnership, emphatic communication, modernity and competitiveness. The presentation of training material that tends to use lecture method limits the opportunity for dialogue; therefore, it is less effective in improving the skills of trainees from MSEs entrepreneurs (Mardikanto 2009; van den Ban & Hawkins 1999).

From the company side of view, there are tendency that the low intensity of MSEs entrepreneurs empowerment through CSR is due to two things. First, officers in CSR field have been provided by the ability to communicate but do not have specific competence in MSE empowerment and management; therefore, their ability in facilitation, representation and education activities is relatively limited. Second, the company's motive to conduct CSR, especially in facilitation, representation and education activities, tends to be limited only to fulfill the rules and norms prevailed for the company, to maintain good relationship and to avoid conflict with its surrounding societies. Company's limitation in creating empowerment for MSEs entrepreneurs through CSR can be overcame through cooperation and institutional support, such as: counseling institution, education and training institution, universities and regional government.

Figure 1 also indicates that empowerment sustainable as a determinant factor with strong influence to MSEs entrepreneurs autonomy is significantly influenced by: quality of environment supporting MSEs, intensity of empowerment and individual character. It shows the importance of consideration on the quality of environment supporting MSEs, intensity of empowerment and individual character in improving the empowerment sustainable of MSEs entrepreneurs.

Quality business environment of MSEs reflected by the availability of marketing network, capital resources, information resources, and affordable transportation network will support the development of empowerment sustainable of MSEs entrepreneurs in proactive aspect (freedom to make decision and business action), personal leadership (build business vision and mission) and business management (create plan, marketing, financing, production process and company's financial management).

The intensity of empowerment consists of facilitation, representation and education activities. Facilitation activities (stimulation, encouragement, support and assistance) have big contribution to the empowerment
sustainable of MSEs entrepreneurs. Facilitation activities that currently limited on capital loan is not enough to develop the empowerment sustainable of MSEs entrepreneurs. They need stimulation, encouragement, guidance and support to achieve freedom in making decision and business action (proactive), build business vision, mission (personal leadership), and perform principles of management in developing their business (business management).

Representation activities reflected by company’s attempt to bridge the interest of MSEs entrepreneurs with external parties (capital sources, market actors, source of innovation and technology) have significant contribution to their empowerment sustainable, especially in business management aspect.

The characteristic of MSEs entrepreneurs reflected through their age has negative and significant contribution to the degree of empowerment sustainable. It means that the younger the entrepreneurs are the bigger their opportunity to be empowered. Younger MSEs entrepreneurs are more productive, easy to accept change, ideas an innovation; therefore, they have bigger opportunity in proactive aspect, vision and mission leadership and manage business using principles of management.

The strength of the influence of supporting environment quality and empowerment intensity on empowerment sustainable is stronger than the direct influence of both variables on the autonomy of MSEs entrepreneurs. It clarifies that the empowerment sustainable of MSEs entrepreneurs need to be improved before developing their autonomy.

Model and Strategy of the Development of Autonomy of Micro and Small Entrepreneurs through Corporate Social Responsibility in Bogor West Java

Based on result of Structural Equation Models (SEM) analysis and supported by descriptive analysis, a model of the development of autonomy of MSEs entrepreneurs through corporate social responsibility can be designed as presented in Figure 2.

Model in figure 2 shows that the level of autonomy of MSEs entrepreneurs is influenced by degree of the empowerment sustainable of MSEs entrepreneurs, quality of environment supporting MSEs, and intensity of MSEs empowerment. Level of empowerment sustainable of MSEs entrepreneurs is influenced by quality of environment supporting MSEs, quality of MSEs empowerment and individual characteristic of MSEs entrepreneurs. As stated by Utami (2007) and Marliati (2008), it is hoped that the autonomy will have impact on the increase of income, business sustainability and MSEs entrepreneurs welfare and their family.

Based on the model of the development of autonomy resulted from the research finding, the strategy for autonomy development of MSEs entrepreneurs through CSR is created through the support of MSEs entrepreneurs empowerment sustainable, quality environment supporting MSEs and intensity of MSEs entrepreneurs empowerment. To increase the empowerment sustainable of MSEs entrepreneurs, quality of environment supporting MSEs and intensity of MSEs entrepreneurs empowerment, strategic steps are planned by considering the level of contribution or influence of each aspect to other aspects. Bigger influence path will be the priority for action. Following are the steps:

1) Increase the empowerment sustainable of MSEs entrepreneurs including proactive ability, personal leadership and business management ability. The effort is conducted by: (1) increasing the quality of environment supporting MSEs; (2) increasing the empowerment intensity of MSEs entrepreneurs; and (3) giving bigger opportunity to MSEs entrepreneurs who are in productive age in empowerment programs.

2) Increase the quality of environment including the availability of marketing network, capital resources, information resources and affordable transportation. The efforts need support from government in building roles coordination and synchronization and all stakeholders in improving the quality of environment supporting MSEs, such as financial institutions, information service providers, marketing institutions and transportation service providers.

Increase the empowerment intensity of MSEs entrepreneurs through CSR including education, facilitation and representation. Limitation problem in empowerment intensity of MSEs entrepreneurs that currently resides in the lack capacity of field officers of CSR and the implementation of CSR in MSEs development.

Figure 2. Model of the Development of Autonomy of MSEs Entrepreneurs through Corporate Social Responsibility
that not completely motivated by empowerment, can be handled through: (1) strengthening motive for empowerment for company who implement CSR and (2) involving institutional support, such as: counseling institutions, universities, research and development (R&D) institutions to improve empowerment intensity both from its scope and quality.

Conclusion

1. Autonomy level of MSEs entrepreneurs empowered through CSR reflected by indicators of ability to partner, synergy, emphatic communication, anticipative, modernity and competitiveness is in low category. It means that improvement in the ability to partner, communicate empathetically, anticipate, modernity and competitiveness is a requirement in developing autonomy of MSEs entrepreneurs.

2. Factors that dominantly influence the autonomy of MSEs entrepreneurs are: (1) the degree of empowerment sustainable of MSEs entrepreneurs; (2) quality of environment supporting MSEs and (3) empowerment intensity of MSEs entrepreneurs.

3. Strategies to develop the autonomy of MSEs entrepreneur through CSR are: (1) increase in the empowerment sustainable of MSEs entrepreneurs, including proactive ability, personal leadership and business management ability; (2) increase in the quality of environment supporting MSEs including the availability of marketing network, capital resources, and affordable transportation network; and (3) increase in the empowerment intensity of MSEs entrepreneurs in form of education, facilitation and representation.

4. The development of autonomy of MSEs entrepreneurs should start with the development of their empowerment sustainable.

5. The development of empowerment sustainable that leads to autonomy of MSEs entrepreneurs should be supported by quality environment supporting MSEs and MSEs entrepreneurs empowerment on on-going base.

6. In MSEs entrepreneur empowerment the implementation of CSR motivated by empowerment is needed along with institutional support including counseling institutions, education and training institutions, universities and regional governments.

References


