

Analysis of Community Service Implementation in Supporting the Growth of Micro and Small Enterprise

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Abstract— One of the role of a University as a Higher Education Institution is as the centre of research and development of science and technology. This is described in the three roles of Higher Education Institutions; those are education, research, and community service. The community service is a form of awareness of a university towards the community.

Training for micro and small enterprise entrepreneurs is one program of the community service in the University. The goals were to increase their knowledge in business through management trainings and to increase their capability in preparing financial reports. The business training provided them with business knowledge so that they would be able to run their business effectively. The reporting training provided them with the skill to prepare simple financial reporting, in hope that the reports would help them in joining any business development programs organized by the government and to help them in searching for financial funding for their business.

The prospect of food and beverages business of the micro and small enterprise entrepreneurs in the city was promising; they contributed to the non-oil and gas national industry growth for 34.35%, therefore, we included them in the trainings. This research analyzed the responses from the entrepreneurs regarding the trainings, to evaluate the outcome of the program, and to identify necessary training subjects. We observed the data from the questionnaire, and then analyze it using the descriptive method of analysis. The results would contribute to the continuance of this program.

Keywords: MSE Entrepreneurs, Social Responsibility, Community Service, Trainings, MSME.

I. INTRODUCTION

The attention towards the implementation of social responsibility is growing, not only in the social aspects, but also in increasing the level of life of the environment society. The University, as one kind of Higher Education Institutions in Indonesia, could take part in the implementation of this social responsibility through one of the three roles of the Higher Education Institution. The Indonesia Ministry of Education set three roles, which a Higher Education Institution should accomplished, those are the education, research, and community service. The social responsibility

activity could be one of the community service activities. The activity could be in the forms of trainings or development program for the micro, small and medium business. Those kinds of activities would be more valuable than engaging a short-term social activity such as donations or grants. The social responsibility activity should be comprehensive. It means there should be a shift from social activity (i.e.: donation/grant) to social responsibility activity, which focus on sustainable community development. If every companies make an effort toward the comprehensive approach in social responsibility activities, there would be a great contribution to the community development. The members of community who directly involved in social responsibility program would experience an increase in their wealth [10].

According to the government regulation [12], the social and environmental responsibility is a company's commitment to involve in the sustainable economic development and to increase the life and environment quality, which is useful for the company, local community, and society as a whole. The social responsibility is described as the commitment to do the business ethically, to operate legally, and to contribute to the economic system. Those acts would increase the quality of life of the employees and their families, local community and wider society [3]. According to Hopkins [5], Corporate Social Responsibility (CSR) related to ethical or responsible acts of a company toward its stakeholders and environment, in an acceptable manner. CSR includes a responsibility in economic sector in achieving better standard of life while maintaining the company's profitability.

The government regulation regarding the Cooperation Program of Government Enterprises toward the Small Business and Environment Development stated that the social responsibility activity could be in the forms of education fund, training, on the job training, marketing, promotion, and other things that related to the productivity of the "business partner" (the micro/small/medium enterprise which become the target of the program) [8]. According to the government regulation [11], every government enterprises have to involve in providing guidance and aids to the micro economic sector, cooperation, and community. Furthermore, the activities of social responsibility should involve the Micro, Small, and Medium Enterprise (MSME) to achieve the community development [14]. Although those regulations are restricted to

the government enterprises, the government is continuously developing the legal facility to spread the responsibility in implementing social responsibility to other parties. The effort is to realize the economic development goals based on the togetherness principle, efficiency, justice, sustainability, environmental insights, and independency. It also to maintain the balance of national economic progress and unity, in achieving the community wealth [4].

The definition of Micro and Small Enterprise (MSE) according to government regulation [13] is an independent economic productive business, managed by an individual or an entity that is not serve as a subsidiary and not as a branch of a medium or a large-scale business, with the sum of assets specified in the regulation.

The thriving MSEs in Indonesia means that the micro economic of the country is beginning to leap up. The government see it as a very good sign in accelerating the macro economic development. The government think that the MSE is a business which is able to widen the job vacancy, able to serve the community widely, and important in the process of distributing and increasing the community's income. It also accelerate the economic development. In the end, it will be a part of the national security through sustaining the national stability. The government realizes that the MSEs are becoming an important part of the national economic; therefore, they had to be given the primary chances: back up, protection, and chance to expand their business. To nurture the business condition in empowering the MSEs, the government had issued government regulation regarding the MSEs [13]. Article 5, section 7 stated that the central and regional governments should set regulations and policies regarding the fund, facilities, business information, partnership, business license, business opportunity, promotion, and institutional support for the MSEs. The industry and society should actively help to nourish the business climate in empowering the MSEs.

As a growing industry, the MSEs still face various hindrances. MSEs have to overcome internal problems such as production, marketing, human resources, design and technology, and also capital. External condition such as business climate, loan interest rate, and global competition are also a burden to them. To increase the opportunity, capability, and protection for the MSEs, the government had set a policy regarding the capital resources and development. However, the policy had not yet provided the MSEs with the protection for sustainable business and sufficient facility to enable them to grow. The central government need helps from the regional governments, the business industries, and the society to enable MSEs to grow sustainably and in synergy. The ways to empowered the MSEs are: 1) to nurture a business condition which support the entrepreneurship and 2) to build and develop the MSEs as a "business partner".

Therefore, the society social responsibility could improve the community wealth through providing training for the MSEs. In the end, a company that works on a consistent social responsibility program would evolve a sense of belonging in the local community regarding the presence of the company.

In the fast stream of social dynamics, the government roles would decrease, leaving the private sectors to become dominant parties in the development of the country [9].

In previous years, the government pushed the banking industry to facilitate the MSMEs in funding the business. The banking industry had to separate some percentage of funds to lend the MSMEs. The program ran quite well, but the spread of the lending programs were not quite fairly. Some of the small and medium industries enjoyed the program first; however, the micro industries are still having difficulties in borrowing money from banks. One of the major hindrances is that most of micro industry entrepreneurs do not know how to make an accountable financial report, not to mention tax report. Without a proper and accountable financial report, a bank could not lend the money, because they had to be responsible for the fund they lend. Preliminary survey to 30 MSE entrepreneurs in Bandung area revealed that 90% of them stated that the main problem which prevent them to expand was caused by the difficulties in getting capital fund from banks, and the primary factor was the lack of financial records of their business activities.

These phenomenon emerged and Widyatama University felt oblige to lend a hand to the surrounding community. In 2009, the Management Business Faculty arranged a series of program that involved the MSE entrepreneurs in Bandung City area. The program consisted of seminar and training for the MSEs. The training was part of the community service activity of the Research and Community Service Department. The training divided into two days; the first day theme was about entrepreneurship. Lecturers from Management Business Faculty carried out the trainings. Day two training was regarding how to prepare simple financial statements and tax report. The lecturers from the Economic (Accountancy) Faculty carried out the day two training. The purpose of the training was to aid them in managing their business effectively and to help them in preparing simple financial statements in order to open the chances for them to join any development programs held by the government. Through the training program, the MSE entrepreneurs would have a better attitude toward managing their business. They would be braver and more confident in managing the business, having a high motivation to develop their business, bolder in bearing the calculated risk, easier to be in harmony within the business group, and capable of using the opportunity [6].

In commensurate with the development of Bandung City as a tourism city, the food and beverage industries are having a fast increasing growth. The increasing rate of food consumption in 2010 were at the average of 10% to 15%. In the Ied'ul Fitr Season, the increase reached the number of 50%, with the sales up to Rp 100 trillion (approx. US\$10,000,000); whereas in Christmas and Year End Season, the growth reached 30%, which was equal to the sale of Rp50-60 trillion. In 2010 the increase of food and beverages industry was 10% with the sales at Rp 600 trillion, compare to 2009 which was at Rp 550 trillion [16]. Therefore, the Widyatama University targeted the MSME in food and beverage industries as the focus of the program.

The purpose of this research was to evaluate the community service program, which were the seminar and training for MSE entrepreneurs; and to analyze what kind of training that they expected to support their business. The result would be a valuable input for the next plan of similar trainings for them.

II. METHODOLOGY

We used survey method in this research. The survey method explained the correlation between certain variables from the sociology or psychology of the entire population [1] and question them in the form of written questionnaire. The object of the research was the implementation of training in the service community program carried out by Economic Faculty and Business and Management Faculty of Widayatama University. The sample taken was using accidental sampling from the population of participants of the training, which were 73 MSE entrepreneurs. There were 52 respondents answered the questionnaire; therefore, they were the sample of this research.

The variables were measured using Likert scale, with the scale value of 2, 1, 0, -1, and -2 [15] and it was the observation on the actual behavior [1]. The attitude variables towards the behavior were stated in 5 questions, consisted of the evaluation of the participants' behavior toward actual attitude in developing their business. The values of respond used were as follows:

2 = very much agree

1 = agree

0 = no opinion

-1 = do not agree

-2 = very much not agree

Those values reflected the respondents' opinion toward each of the statements in the questionnaire. The analysis technique used was the descriptive analysis, using SPSS ver.18.00 for the data processing.

III. FINDINGS AND DISCUSSION

The 52 respondents were the micro and small food and beverages industry entrepreneurs. Table 1 showed the answers from the respondents of some items questioned. From all the responds, we analyzed each items by calculating the proportion of the "agree" and "very much agree" answers. The proportion used to analyze it was the Likert scale intervals. The class interval of the 20 questions was 0.8. The score 2 was the maximum respond value; the score -2 was the minimum respond value, while the value of 5 was the sum of the class interval. The interval values of each items was in table 2. Table 3 showed the percentage of the "agree" and "very much agree" answers from the respondents on 19 items of the questions. Referring to table 2, table 3 showed that items regarding the social responsibility activity of the University have "no opinion" responds from the respondents, those were P1, P3, and P4. This indicated that the University did not well publicly announced the social responsibility activity, therefore the society did not aware of the implementation of it through the community service program. The responds for the ethical behavior reflected in the

community service program were mostly "agree", and so were the responds regarding the training for the SME entrepreneurs through the community service program (item number 5 through 15), except for item number 10, which answers were "no opinion". Item number 5 through 9 and item number 11 showed that the community service program was in commensurate with the objectives and the goals they expected before they took the training. The training was exercised by using the tutorial process. The training regarding the bookkeeping and management used modules, which were easily absorb by the participants. The responds for item 10 regarding the time of the training was "no opinion", because the University prepared the timetable considering the availability of the trainers and the needs of the participants. The responds of the impact of the trainings and the change of participants' attitude, which were questions number 12 to 19, were "agree". It meant that the training contributed to the development of self-capability of the entrepreneurs, in order to up grade their level of life. All responds regarding the business plan preparation (except item number 17), were "no opinion". This probably because the MSE entrepreneurs had not any preceded comprehension of how to prepare a business plan. This situation could become the reason for the University to give trainings regarding how to prepare a business plan.

TABLE 1.
THE COMPOSITION OF RESPONDENTS' RESPONDS

Item	Very much agree	Agree	No opinion	Do not agree	Very much not agree
Score	2	1	0	-1	-2
P1	4	13	12	23	0
P2	5	44	1	2	0
P3	7	10	19	16	0
P4	5	9	23	15	0
P5	15	34	3	0	0
P6	25	21	6	0	0
P7	20	26	5	1	0
P8	14	29	7	2	0
P9	15	29	2	7	0
P10	1	3	3	23	22
P11	6	32	7	7	0
PS12	12	31	7	2	0
PS13	28	23	1	0	0
PS14	28	18	6	0	0
PS15	27	21	4	0	0
PS16	19	24	5	4	0
PS17	3	4	11	27	7
PS18	21	31	0	0	0
PS19	21	28	1	1	1

TABLE 2
INTERVAL CLASS VALUE FOR EACH ITEM

-2	to	-1.2	=	Very much not agree
-1.21	to	-0.4	=	Do not agree
-0.41	to	0.4	=	No opinion
0.41	to	1.2	=	Agree
1.21	to	2	=	Very much agree

TABLE 3
COMPOSITION OF THE ANSWER
"VERY MUCH AGREE" AND "AGREE"

Item	Interval Value	Item	Interval Value	Item	Interval Value	Item	Interval Value
P1	0.33	P6	0.88	P11	0.73	PS16	0.83
P2	0.94	P7	0.88	PS12	0.83	PS17	0.13
P3	0.33	P8	0.83	PS13	0.98	PS18	1.00
P4	0.27	P9	0.85	PS14	0.88	PS19	0.94
P5	0.94	P10	0.08	PS15	0.92		

The evaluation of the community service program, which was the training for the MSE entrepreneurs, was then connected to the change of attitude of the participants in developing their business. These changes of attitudes showed by the increasing of motivation to work harder, increasing of self-confidentiality, increasing capability in developing the business, enabling them to have a network and taking opportunities. On the other side, the implementation they did after the training, which include the preparation of business plan and proposing credit fund to bank, were the indication that they were bolder in taking risks. It was also a form of success. They were able to get the fund to increase their productivity and therefore increasing the sales. Based on the data processed showed in table 4, the participants had implemented the knowledge they had got from the trainings. This was shown by the difference of attitude before and after the training. From the table we concluded that there was a significant difference in attitude changes of the participants before and after the training.

TABLE 4
ONE-SAMPLE TEST ON THE CHANGES OF ATTITUDE
BEFORE AND AFTER THE TRAINING

	Test Value = 0				
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference
PS_Before	57.778	72	.000	3.56164	3.4388 3.6845
PS_After	50.778	51	.000	4.19231	4.0266 4.3581

The implementation that the MSE Entrepreneurs had done included the recording of transaction or the bookkeeping, the preparation of business plan, the submission of funding proposal to bank and the success in obtaining fund from bank. The results of the implementation of those four aspects were shown in Table 5. There was a difference between the group of entrepreneurs of age >41 years (group 1) and the group of age 31-40 years (group 2) regarding the implementation. It turned out that the percentage of entrepreneurs of group 1 had done more implementation than had the entrepreneurs of group 2. It showed that the level of age contribute to the level of implementation. The result of data processing in Table 6 showed that there was a significant difference in implementing the knowledge from the training. We also divided the participants into two groups regarding the period of business, group 1 consisted of the participants with the

period of business of 1 to 5 years, and group 2 consisted of the participants with the period of business more than 5 years. It turned out that group 1 had done more implementation than group 2 (Table 5). The result showed that the longer the business had run the less was the motivation to develop the business. Table 7 showed there was a significant difference between the two groups regarding the level of implementation. Therefore, there was a correlation between the training provided for the participant with the changes of participants' attitude towards managing their business. Table 8 shown that there was a strong correlations between the training provided for the MSE entrepreneurs with their changes in attitude in implementing the knowledge from the training.

TABLE 5
THE IMPLEMENTATION BETWEEN GROUPS

Implementation	Entrepreneurs' age		Business period	
	>41 years	31-40 years	6-10 years	1-6 years
Bookkeeping	48%	35%	31%	52%
Business plan	8%	6%	13%	8%
Submit credit proposal	58%	42%	38%	62%
Obtain credit from bank	54%	40%	35%	60%

TABEL 6
ONE-SAMPLE TEST BASED ON PARTICIPANTS' AGE

	Test Value = 0				
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference
PS_31	34.631	21	.000	4.13636	3.8880 4.3848
PS_41	37.036	29	.000	4.23333	3.9996 4.4671

TABLE 7
ONE-SAMPLE TEST BASED ON BUSINESS PERIOD

	Test Value = 0				
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference
PS_1_5	43.181	31	.000	4.21875	4.0195 4.4180
PS_6_10	27.667	19	.000	4.15000	3.8360 4.4640

TABEL 8
CORRELATIONS

		Training	Changes in Attitude
Trainings	Pearson Correlation	1	.603**
	Sig. (2-tailed)		.000
	N	52	52
Changes in attitude	Pearson Correlation	.603**	1
	Sig. (2-tailed)	.000	
	N	52	52

**. Correlation is significant at the 0.01 level (2-tailed).

The changes in attitude showed that the participants of the trainings wanted to develop their business in order to increase their level of life, not only for their-own sake but also for the sake of the employees. Based on the survey we did after the training, the MSE entrepreneurs had implemented the knowledge they had got from the training, although the implementation of the bookkeeping or the financial transaction recording was still in a simple way. On the other side, they tried to implement the management functions, which they studied from the training. They hoped it would increase their business performance, which would affect the increase of sales. From the survey, we gathered information that more or less they had been able to increase their business performance, although not in a significant amount, considering the tight competition of the business condition. From the 52 respondents, 60% of them stated that they had increase their sales less than 5%, 34% of them stated the increase reached 5% to 10%, and the remaining respondents stated the increase was 11% to 20%. They were expecting more trainings, especially regarding the tips and tricks in increasing the sales. There were 65% of respondents' stated that they need training regarding how to make a website, the marketing, and the business consultation; and 35% of them expecting the next training would be the computerized accounting and tax reporting. They wished that Widayatama University would continue to hold the trainings as a part of the community service program and to contribute more to the national economy development. Through this kind of social responsibility activity, the university politically could earn a social contract, which was a voluntary deal to realize the society's wealth. The society economic aspect would increase through the economic development while the institution aspect would increase through tutoring [6].

IV. CONCLUSION

The conclusion from this research was that through the training in the community service program, the university contributed to the development of MSE entrepreneurs' capability in increasing their level of life. From the result of the data processing, there was indication that the MSE entrepreneurs did not have enough capability in preparing their business plan. In fact, preparing business plan is a very important part to map the business path, so that they could develop the business in a more orderly way. This condition pushes the university to be prepared for the next community service training, that is focusing on the preparation of business plan.

The evaluation showed that there was a correlation between the community service program for the MSE entrepreneurs and the changes in their attitude to implement the knowledge in order to increase their business. The result of the evaluation showed that there was a significant change in attitudes before and after participating in the trainings, based on the ages of the entrepreneurs and the long period of their business. Group 1 consisted of entrepreneurs of age more than 41 years. They did more implementation of the knowledge

they got from the training into their business than group 2, which consisted of entrepreneurs of age between 31-40 years. Group 1 consisted of the 1 to 5 years of business period and group 2 consisted of entrepreneurs with the period of business of 6 to 10 years. It turned out that group 1 did more implementation towards their business than group 2. It showed that the entrepreneurs with shorter period of business had higher motivation to enlarge their business.

From all the discussions above, we concluded that there was a significant correlation between the training activity of the community service program and the implementation carried out by the participants, who were the MSE entrepreneurs. This was in accordance with the data processing, that there was a significant correlation between the training given to them and the changes of attitudes of the MSE entrepreneurs. Therefore, the training activity in the community service program contributed well enough to the MSE entrepreneurs, and they expected to get more continuous training, especially regarding the marketing and creating a website.

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