

## **CORPORATE SOCIAL RESPONSIBILITY, MICRO, SMALL AND MEDIUM ENTERPRISES AND COMMUNITY DEVELOPMENT: EXPERIENCES OF MALAYSIA AND INDONESIA**

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### **ABSTRACT**

The "Triple Bottom line" strategy, which seeks to strike a balance between maximising profits and protecting the environment, people, and the planet, is the fundamental idea of sustainable development. Corporate Social Responsibility (CSR) is a method of giving back to the community that is founded on the true desire to have a beneficial impact on it. CSR might receive money from the government, corporations, or the local community. This paper demonstrates how CSR financing is provided to Micro, Small and Medium Enterprises (MSMEs), how it has aided MSMEs in expanding their businesses, and how it has contributed to community development. Cases of MSMEs in Malaysia and Indonesia will be discussed to illustrate their impact on social and economic performance of the community.

**Keywords:** Corporate Social Responsibility (CSR), Micro, Small and Medium Enterprises (MSMEs)

### **1. INTRODUCTION**

The biggest CSR breakthrough was made by John Elkington through the concept of "3P" (Profit, People and Planet) as outlined in the book *Cannibals with Forks: The Triple Bottom Line in 21st Century Business* in 1999 (Elkington, 2004). According to Kotler and Lee (2005) CSR activities do have a positive impact on company performance, especially on outcomes related to marketing and brand building. CSR has a positive effect on several indicators of consumer response, such as increasing awareness of the company, the tendency to switch to brands that carry out CSR activities, the willingness to pay more for brands that implement CSR and the tendency to buy products that support social activities. Yusuf and Kahar (2018) show CSR of 45 companies in Indonesia gave beneficial in maintaining and improve the company's image (37.38 %), good relationship with community (16.82 %), and support the company's operations (10.28%). CSR programs have a significant direct or indirect effect on brand equity (Hsu, 2012).

CSR has actually been practiced since 1980. However, the implementation of CSR in Indonesia and Malaysia is still relatively low, (Garaika, 2020). CSR is seen as an important activity with the consideration that CSR actors are not only the state, local governments, independent institutions, educational institutions including universities, community groups, or individuals, but also the participation of the entire nation. This paper discusses the sources of CSR funding and how the funding has assisted MSMEs in their business and in return will assist the growth in community development.

### **2. LITERATURE REVIEW**

#### **Corporate Social Responsibility(CSR)**

CSR refers to a company's ethical considerations aimed at enhancing the economy, the surrounding community, and people's quality of life (Hadi, 2011). Consequently, businesses with effective CSR practices may enjoy greater global prominence (Lim & Phillips, 2008). It is crucial for businesses to set standards and values for its stakeholders (Elliot, Rundle-Thiele & Waller, 2012). Companies have a legal obligation to contribute to the improvement of a community's living standards by participating in philanthropic activities (Abdul Rashid & Ibrahim, 2002; Mohamed & Sawandi, 2007). CSR refers to an approach or program that represents a society's rights to benefit from quality products and services or contributions by business corporations, to enjoy an enhanced quality of life. According to Caroll (1979) the pyramid of social responsibility has four levels, namely: (i) economic responsibility means that the company needs to generate profit as a foundation to be able to develop and maintain its existence; (ii) legal responsibility, which requires organisations to be legally responsible to comply with the applicable legal provisions; (iii) ethical responsibility, which requires an organization to be ethical and doing the good and right things in accordance to acceptable values, ethics, and societal norms and (iv) philanthropic responsibility, which requires and organization to contribute to improve the quality of life of the community in line with its business operations.

CSR is not just a charitable activity but is fully responsible for its activities which requires a company in its decision making to really take into account the impact on stakeholders. This requires companies to strike a balance between the interests of various external stakeholders and the interests of shareholders, who are one of the internal stakeholders. By carrying out CSR, the company is expected not only to pursue short-term profits, but also to contribute to improving the welfare and quality of life of the community and the surrounding environment in the long term. According to Glavas and Godwin (2012), business activities will have an impact on stakeholders' well-being and the environment. Mursitama (2011) provides a summary of the benefits based on the perspective of Branco and Rodriquez (2006), who divided the benefits of CSR when it is connected to a company's competitive advantage based on internal and external sides. The advantages on the internal side include improving supplier connections, developing human resources, and managing the production process differently. The term "external side" refers to the implementation of CSR, which will enhance the company's reputation and aid to draw customers, investors, and financiers to inject credit.

In Indonesia, the direction of CSR by Government refers to the National Medium-Term Development Plan (Rencana Pembangunan Jangka Menengah Nasional-RPJMN) which is the third stage of the Long-Term Development Plan 2005-2025 of the country. It relates to the indicators used in the Sustainable Development Goals (SDGs) and focuses on sustainable development which includes the human, economic and environmental development. According to Suriyankietkaew et al. (2022), business owners should create and incorporate value-based practises and competences. To boost the community's economy in many ways, Coca-Cola Europacific Partners (CCEP) Indonesia supports the growth MSMEs in a number of ways, for instance through education, entrepreneurship training, as well as business assistance, and increasing production capacity for MSMEs in the retail, "food service" and food-beverage manufacturers (Antara News, 2022).

## **Community Development**

Community development is dynamic, empowering, and results in social progress that is sustainable. The distribution of goods, services, and financial resources to the community by an outside organisation, such as a commercial corporation, with the goal of raising the standard of living in the community is referred to as community development. Community development is dynamic, empowering, and results in social progress that is sustainable. It is an approach in development programs that aims to improve the living conditions of people in a particular area. It also serves as a method of engaging local communities in the process of creating their own. Thus, community development can be summarized to be the improvement or benefits that community members have experienced in any aspect of living standards, health and education resulting from the help of external organizations.

To achieve the common objective of enhancing the quality of life in the community engaged, the community development process necessitates the participation of all parties and agencies. All parties engaged must make sincere efforts to raise everyone's level of living and quality of life, especially the community. To be successful, initiatives to raise the standard of living in the community must incorporate elements of cooperation and make full use of all available resources. Community development aids in raising the social and economic standing of the area. People must participate in decisions that influence their lives in order to gain knowledge, self-confidence, and self-esteem as well as to acquire new skills (Javan 1998).

## **Micro, Small and Medium Enterprises (MSMEs)**

Many countries have already started the process of business globalization, which is problematic MSMEs. Multiple challenges are presented by the free market. However, a hidden force known as entrepreneurship manifests itself in emerging countries like Indonesia and Malaysia. Economic globalization has made it possible to move productive elements including labor, capital, technology, goods, and services across international borders. MSMEs are still limited to selling their goods only domestically. They must, nonetheless, face up against imports. This is not a financially sustainable strategy if their business continuity is not secured. The majority of MSMEs can only sustain themselves by absorbing production expenses and offering workers, lower wages. MSMEs struggle with a lack of technology, skills, and financial resources. Additionally, many employees have been pushed to quit since management and the workforce both lack the abilities and standards necessary to compete with the larger companies.

MSMEs make up the majority of the Indonesian economy, is an indicator of how much the local population participates in various economic sectors. When MSMEs' capabilities are successfully increased, the local economy is strengthened. Through the process of producing employment opportunities and added value, MSMEs have demonstrated their ability to function as a safety valve in times of crisis. Currently there are over 62 million MSMEs in Indonesia, and out of these, 98.75% (61.5 million) are micro-enterprises (WEF, 2021). Indonesia's MSMEs contributed to 60.3% of the Indonesian economy and contribute 97% of employment (Cekindo, 2022). More than 30

million MSMEs have closed down in the pandemic, according to data from the Indonesian MSMEs Association, with those in agriculture, fishery and trade among the most affected (Al Jazeera, 2021).

Malaysian MSMEs accounts for 97.4% of overall establishments in Malaysia. MSMEs comprise of 78.6% micro, 19.8% small and 1.6% medium sized firms. (SME Corp, 2021). The MSME sector contributes to more than two thirds (66%) of the total employment in the country and almost 40% to the economy. MSMEs, however, confront numerous challenges, particularly during the Covid 19 pandemic. Due to the economic challenges the nation is experiencing as a result of the pandemic, it is crucial for the sector to maintain its resilience. Government restrictions on travel have decreased the product market, causing an economic slowdown that threatens company profitability. Eventually, a large number of MSMEs filed for bankruptcy and were unable to reopen. According to YB Tan Sri Noh Omar, Ministry of Entrepreneur Development and Cooperatives, 37,415 businesses were recorded to have fold up and 70 per cent of them or 26,007 were micro businesses. In 2020, SME community had suffered a loss of RM40.7 billion (Malay Mail ( 8 December 2021). Currently, the efforts to survive by MSMEs are supported by the community, government, and companies.

There is no universal definition of small businesses, with many authors offering various criteria including size, number of employees, and financial turnover per annum in the definition (Devins, 2009; Muhammad, Char, Yasoa, & Hassan, 2010; Mahmood & Hanafi, 2013). In spite of these various criteria, definitions are commonly based on employment in the Malaysian context. In Malaysia, for the manufacturing sector, Small and Medium Enterprise Corporation of Malaysia (SME Corp, 2022), defines micro enterprise as one that employs less than 5 employees and has a sales turnover of less than RM300,000(USD 65689), a small enterprise as one that employs between 5 to less than 75 employees and has a sales turnover of between RM300,000 (USD 65689) to RM15 million(USD 3284432) and medium enterprise is defined as one that employs between 75 to not exceeding 200 employees and has a sales turnover of between RM15 million (USD 3284432) to not exceeding RM50 million(USD10920607).

For the services and other sector, SME Corp (2022) has the same definition for micro enterprise for the manufacturing sector, for small enterprise as that employs between 5 to less than 30 employees and has a sales turnover between RM300,000 (USD 65689) to less than RM3 million (USD 656886). Meanwhile, medium enterprise SMEs has employees between 30 to not exceeding 75 and sales turnover from RM3 million (USD 656886.36) to not exceeding 20 million (USD 4368243). SME Corp (2022) defines a small enterprise as one that employs between 5 to less than 75 employees and has a sales turnover of between RM300,000 (USD 65689) to RM15 million (USD 3284432). Medium enterprise is defined as one that employs between 75 to not exceeding 200 employees and has a sales turnover of between RM15 million (USD 3284432) to not exceeding RM50 million(USD10920607).

In Indonesia, MSMEs are grouped based on the criteria for working capital or annual sales results. Micro-enterprises have a business capital of up to a maximum of Rp. 1,000,000,000.00 (one billion rupiah) **USD 66,659.63** excluding land and buildings where the business is located. Small enterprise has a business capital of more than Rp. 1,000,000,000.00 (one billion rupiah) **USD 66,659.63** up to a maximum of Rp. 5,000,000,000.00 (five billion rupiah) **USD 333,298.17** excluding land and building where the business is located and medium enterprises have a business capital of more than Rp. 5,000,000,000.00 (five billion rupiah) **USD 333,560.50** up to a maximum of Rp. 10,000,000,000.00 (ten billion rupiah) **USD 667,121** excluding land and buildings where the business is located.

According to Duncombe and Heeks (2005), increasing the number of MSMEs will significantly help to create income and livelihood opportunities for the poor in developing countries, provide additional protected work opportunities for the needy, and implement other social gains for people with lower incomes, such as improving skills, boosting self-confidence, increasing women's participation, empowering them, and providing protection against income loss. One of the crucial areas that might contribute to socioeconomic growth is entrepreneurship. The government of Malaysia places a strong priority on the growth of entrepreneurship and has developed a number of strategies to foster the expansion of entrepreneurship.

### **Initiatives by the Malaysian and Indonesian Government to promote Community Development**

In 2021, the previous Malaysia's Prime Minister YAB Muhyiddin Yassin announced the PEMERKASA assistance package totaling RM20 billion to assist MSMEs. Some initiatives include Tekun Nasional which provided funding of RM60mil, with a financing limit of up to RM5,000 for small businesses operating from homes, night markets and wet markets. Other examples include the Mara, the Prihatin Micro Business Financing Scheme which will assist 1,000 bumiputra micro SMEs in sustaining their business and SME Corp which will provide RM50million to assist local SMEs to obtain financing of up to RM250,000 at an interest rate as low as 3%. The One Village One Product (OVOP) strategy is implemented in Indonesia by the Ministry of Cooperatives and SMEs to promote the growth of potential MSMEs. According to this programme, each city will receive funding from the Ministry of Cooperatives and MSMEs to develop its most promising product. Each village is required to have one excellent product. The OVOP model is expanded to include one industry per district in Malaysia. This is consistent with Malaysia's integrated rural

development strategy, which places a strong emphasis on districts' leadership in the development of the rural sector (Fatimah Mohd Arshad et al 1997).

### 3. CSR SME CASES IN MALAYSIA

#### Waqf- Contribution by the Community

Waqf is an alternative approach to assist entrepreneurs in generating income, fostering business expansion, and creating employment possibilities opportunities for society. Aliyu (2018) referred to waqf as "the vehicle for financing Islam as a society." Waqf institutions have made important contributions to the building of mosques, which are frequently used as centres of education, culture, and administration and are thought to be essential for upholding Muslim cultures' civilization and promoting religious beliefs (Latiff et al., 2008). On the economy-wide basis, waqf contributes positively towards the expansion of domestic economy through cultivating social enterprises, reduces the burden of tax and budget deficits, promotes the public good (Aliyu, 2018), and ultimately, becomes an effective poverty alleviation tool to reduce income inequality (Sadeq, 2002).

Waqf is one of the sources that contribute to Islamic economy. Waqf is the idea of voluntarily making contributions to social services for societal and economic advancement. By applying the benefit of the waqf mechanism to society, it can help the needy people, community and country. There are many examples of waqf mechanisms that bring significant to society such as schools, hospitals, and accommodation to the less privileged members of the community. In addition, waqf mechanism also can assist the society in the entrepreneurship activities as well as contribute indirectly to socio-economic development. Majlis Agama Islam Kedah (MAIK) allegedly employed these techniques to upgrade the waqf land development and joint venture development through partnerships with developers to produce housing developments and commercial buildings (Osman et al., 2015). As a result, this implementation demonstrates how the benefits of waqf lands and partnership agreements may help small business owners.

In addition to that, the waqf institution is crucial to regulating waqf growth and fostering socioeconomic development in society. The waqf institution has made significant contributions to the delivery of public and social services in the Muslim world (Arshad and Haneef, 2015). Additionally, venture waqf offers a potential new approach in the transformative role that waqf can play for building an Islamic vision of entrepreneurship and for internalising compassion in financial contracting in order to achieve a waste-free halal market economy (Khan, 2019). As a waqf trustee in Johor, Majlis Agama Islam Johor (MAIJ) also engaged in cooperative agricultural and farming enterprises with other government organisations, including FAMA, MARDI, RISDA, and others (Harun et al., 2012). In the Malaysian legal framework, Waqf falls under the state jurisdiction. Majlis Agama Islam Negeri (MAIN), or the State Islamic Religious Council (SIRC), is the sole trustee of Waqf (Siti Mashitoh, Asmak & Azizi, 2018). The Yayasan Waqf Malaysia (Malaysia Waqf Foundation) is an important government agency that plays a crucial role in managing waqf assets and investments in Malaysia and assisting the government in reducing the poverty gap among Malaysians. Each state has its own SIRC, and it is the trustee of waqf collection. The SIRC's written approval is crucial for establishing and administering public higher learning institutions in Malaysia. Recently, SIRC has worked closely with universities to allow some universities to set up waqf units to assist SIRC in its task. The collected waqf will be extended to waqf units to fulfil the various objectives of the universities. The SIRC's written approval is crucial for establishing and administering public higher learning institutions Waqf. In this view, most public universities have been appointed as Mutawalli agents by their respective State Religious Councils. The Federal Government of Malaysia has also formed Jabatan Waqf, Zakat dan Haji (JAWHAR), or the Department of Waqf, Zakat, and Hajj, to assist the States Religious Council in developing Waqf properties in an integrated manner (Mohd Mizan, 2018). According to Chabbal (2020), by using waqf funds to finance small businesses, the use of waqf institutions to raise investable funds became of utmost importance. This is because they function as a chain, which has an impact on various economic sectors and has an impact on the expansion and development of society. Additionally, if the state religious authority actively searches out such smart partnerships, the financial resources available to a waqf for paying its welfare programmes would increase. It shows that a waqf system can contribute significantly towards that ultimate goal and leads to a better distribution of income in the economy by fostering entrepreneurial activity like supporting social and development projects and services, waqf can potentially boost socioeconomic growth. Universiti Malaysia Kelantan, one of Malaysia's universities, has a focus on entrepreneurial development. Through the use of waqf funds, it has been beneficial in aiding microbusiness owners to succeed as business owners. The micro entrepreneurs run companies including haircuts, sewing classes, and other related ventures.

## **Government agency**

### **Federal Land Development Authority (FELDA)**

Several assistance programmes, including the FELDA Entrepreneur Incentive Scheme and Entrepreneurship Training and Technical Programs, among others, have been introduced by FELDA (Federal Land and Development Authority) through the Entrepreneur Development Department to develop MSMEs under the FELDA scheme. The chance to upskill the community is provided by FELDA's training courses for company owners on the effective use of farming systems, irrigation schedules, pruning and harvesting technology, and appropriate supply chain management. In addition, FELDA has started training initiatives targeted at fostering the development of entrepreneurial character. This learned entrepreneurial ability can help businesses be proactive in acquiring first-mover advantages, which can help businesses obtain premium market sectors and anticipate the market before rivals. This needs to be done, especially with the world market becoming more and more competitive. Lack of entrepreneurial ability among business owners has little effect, but it can cause those businesses to be cut off from the supply chain.

Additionally, FELDA has helped small enterprises by granting RM 100 million in interest-free loans for them to buy machinery and equipment (Aziz, Hassan, & Saud, 2012). In addition to that, FELDA has collaborated with other organisations to deliver training for the development of human capital in the fields of business management, finance, marketing, and product creation. These small firms may not view financial resources as a barrier to their ability to attain commercial success because FELDA offers them so many chances.

### **Amanah Ikhtiar Malaysia(AIM)**

After modifying the features of microcredit services to fit the Malaysian context, the Malaysian government founded Amanah Ikhtiar Malaysia (AIM) in 1986, replicating the group lending model of Grameen Bank. As opposed to Grameen Bank, where loans are subject to 20 percent interest, AIM's loans are founded on Islamic principles and Shariah law. As a result, they have no interest charges other than the 10% administrative and operating fee and the 2% saving requirement. Additionally, the AIM loan is larger than the Grameen bank loan because the average income in Malaysia is higher than Bangladesh's, both per household and per capita.

In all of Malaysia, AIM offers selected participants microcredit services. This program's execution is founded on the ideas of shared responsibility and trust. It provides its members with loans that are interest-free, enabling them to engage in income-generating activities. Three categories—economic, educational, and multipurpose—are used to group these interest-free loans. The loan amounts range from RM1,000 to RM50,000, with an average of RM6,000 per loan. Depending on economic activity, participant performance, and collaboration during centre meetings, the loans should be repaid within 25 to 150 weeks.

The most noteworthy accomplishment of AIM is its track record of encouraging entrepreneurship among the underprivileged. Numerous success stories demonstrate how AIM participants were able to break free from poverty. According to data from a nationwide poll done on 269,470 participants, 94.7% of respondents were able to improve their socioeconomic situation and find freedom. Additionally, it was noted that 30% of the participants had monthly earnings of more than RM3,000 (Mason, C. et al., 2015). The remarkable accomplishments that AIM has made are also reflected in its excellent payback rate of 99.6%.

An interview with 22 women borrowers of loan from Amanah Ikhtiar Malaysia (Aim) for three years in Selangor, found that the majority of women who received loan three years ago have successfully operated their micro and small enterprise (Al-shami, S., 2019). It is revealed that AIM has a positive impact on microenterprise success. Various services of AIM such as credit and training/skill development programs promotemicroenterprise.

## **Companies**

A multinational corporation and the Farmers' Association (Persatuan Peladang Kawasan) of Bukit Awang, Pasir Puteh, Kelantan are working together on a project of chilli farming contracts for the farmers' community in Bukit Awang. The corporation refers to the endeavour as the Spicing the Community Project. This project offers the community the chance to run a chilli farming project, with the corporate agreeing to buy the produce under contract. A multinational corporation and the Farmers' Association (Persatuan Peladang Kawasan) of Bukit Awang, Pasir Puteh, Kelantan are working together on a project of chilli farming contracts for the farmers' community in Bukit Awang. The corporation refers to the endeavour as the Spicing the Community Project. This project offers the community the chance to run a chilli farming project, with the corporate agreeing to buy the produce under contract.

The firm is carrying out this project as one of its CSR initiatives with the goal of giving Malaysia's underprivileged farmers opportunities to earn a living. The goal of the initiative is to put the "Mencipta Perkongsian Nilai" (Creating Shared Value) principle into practise by making investments that will benefit both the firm and the community as a

whole. The initiative was able to raise the number of farmers from 4 in the year 1994 with four4 acres of the farm to roughly 242 in the year 2012 with a total acreage of 242 acres. Each farmer taking part in this project agrees to plant between 3000 and 3500 chilli trees on an acre of land. The company and the Local Farmer Association (LFA) will help the farmer produce a high-quality yield that meets the requirements of good agricultural practise (GAP). The Local Farmers Association will gather the chilli's production from the farmers' farms and sell it to the company. On behalf of the community, LFA will oversee the sale and purchase activities with the corporation. The company will purchase the chilli from the group to make as one of their food items that are sold both locally and internationally.

Results have demonstrated that the chilli contract farming project has helped the farmers participating undergo adjustments. Employment opportunities were one of the changes made, and since there are jobs in the town, this has helped the people stay put. Additionally, it has offered sources of income that will help the community's economy. ( Md Sum et al., 2015).

#### **4. CASES IN INDONESIA**

##### **Cooperatives- Contribution by the Community**

According to their operations based on cooperative principles and people's economic movements based on family principles, cooperatives are business enterprises made up of individuals or cooperative legal entities (Siregar, 2020). Cooperatives receive their funding from its members. The cooperative industry is expected to contribute 5.5 percent of the country's Gross Domestic Product (GDP) in 2024, according to the Ministry of Cooperatives and SMEs (KemenkopUKM, 2019).

Funding from the cooperatives have supported MSMEs to grow their businesses and to survive during the economic crisis. The government is also encouraging a change in the entrepreneurship mindset of cooperatives, especially Savings and Loans Cooperatives, so that they are willing to expand the scope of their financing to productive sectors. The government will also encourage the implementation of innovation through conducive business ecosystem (Widhiyanto, 2021). Based on research by Mulyadi (2019), Cooperative funding has helped MSMEs expand their operations and weather the economic downturn. The government is also promoting a shift in cooperatives' entrepreneurial mindsets so that they will be willing to extend the range of their finance to productive industries. Additionally, the government has also promoted innovation through a supportive corporate environment (Widhiyanto, 2021). According to Mulyadi's 2019 report, cooperatives' financial performance is significantly impacted by their CSR performance.

The Mandiri Jaya cooperative in Meulaboh, West Aceh Indonesia, is a prime example of how cooperatives may effectively grow MSME. Microbusiness owners make up a portion of the Mandiri Jaya cooperative's members. Mandiri Jaya is able to help them by offering capital loans (Adi, 2022) since its requirements for loan approval to members are far less onerous than those of banks, which place several restrictions on loan requests.

##### **Government -Ministry of Tourism and Creative Industry**

Five programmes have been announced by the government through the Ministry of Tourism and Creative Industry to safeguard and revive micro, small, and medium-sized businesses (MSMEs) during the COVID-19 pandemic. The five programmes are as follows: social assistance (Bantuan Sosial-Bansos) for the COVID-19-affected SMEs that fall under the poor and vulnerable categories; tax incentives; credit restructuring and relaxation; expansion of new working capital; up to the government through ministries and agencies; BUMN-Badan Usaha Milik Negara; and local governments acting as a buffer in the MSME Ecosystem.

In Indonesia, MSMEs, which totaled 64,194,057 in 2018 and employed roughly 116,978,631 people, have a critical role and significant influence on the country's economic development (Hardilawati, 2020). During the COVID 19 Pandemic, the government has offered an incentive to support MSMEs. MSMEs are provided financing to manage their enterprises, and they have a year to repay their loans through instalment payments (Azizah et al., 2020). Additionally, the Ministry of Tourism and Creative Economy has provided MSMEs with a Government Incentive Assistance programme in 2020, through which medium-sized businesses can get up to IDR 200 million in assistance. (USD 13,342.42) in Indonesia, MSMEs, which totaled 64,194,057 in 2018 and employed roughly 116,978,631 people, have a critical role and significant influence on the country's economic development (Hardilawati, 2020). During the COVID 19 Pandemic, the government has offered an incentive to support MSMEs. MSMEs are provided financing to manage their enterprises, and they have a year to repay their loans through instalment payments (Azizah et al., 2020). Additionally, the Ministry of Tourism and Creative Economy has provided MSMEs with a Government Incentive Assistance programme in 2020, through which medium-sized businesses can get up to IDR 200 million in assistance. (USD 13,342.42).



The maximum amount of aid for MSMEs business is IDR 100 million, or USD 6,671.21. Various training programmes are also supported by the Ministry of Tourism and Creative Economy to enhance MSMEs' capacities. The training programme equips microbusiness owners with the knowledge and abilities to manage their finances and businesses more effectively. They also learn how to enhance their marketing techniques to boost sales, which can improve sustainability and performance (Mustapa, Al Mamun & Ibrahim, 2018).

## Companies

Coca-Cola actively encourages corporate social responsibility (CSR) among MSMEs in Indonesia. Coca-Cola has started the "Gerakan Toko Bersama-Bersih-Sehat Maju" movement in the hopes that it will have an effect on MSME. Through the provision of free e-books and movies that can be viewed on the [www.geraktokobersama.com](http://www.geraktokobersama.com) portal, Coca-Cola has educated grocery shop owners about cleanliness, health, and operational standards.

The purpose of this initial phase is to help the authorities stop the spread of COVID-19 while also giving the general public a sense of security and comfort when they shop at supermarkets and market stalls. In order to speed up the reactivation and recovery of MSMEs, "Gerakan Toko Bersama" continued with the installation and activation of operating standards in traditional stores and other cooperative projects. Coca-Cola Europacific Partners Indonesia (CCEP Indonesia) has won a CSR award based on initiatives that assist the local community.

CCEP Indonesia also offers education, entrepreneurship training, as well as business assistance, to increase the production capacity for MSMEs in the retail, "food service" and food-beverage manufacturers. Partini (51), an MSME producer of peanut sugar, a traditional snack, in Salatiga, Central Java, agrees that the program is beneficial as the traditional snacks she produces can now be sold outside Java. In collaboration with Serat Nusa, the snacks can now be sold through digital channels, one of which is social media applications.

## 5. CONCLUSION

Through the assistance provided to MSMEs, this study has examined the function of CSR and community development. Since MSMEs constitute the foundation of both Malaysia's and Indonesia's economies, governments, community and companies in both nations have played an active role in providing funds and resources to make sure that their MSMEs are able to face various challenges. This paper has provided examples of MSMEs that have prospered as a result of the funds provided to them. MSMEs are able to scale up their operations, which has benefited the communities where those operations are located. Through the assistance provided to MSMEs, this paper has examined the function of CSR and community development.

Therefore, it is crucial that CSR be maintained throughout time to support the viability of MSMEs. Government, companies, and the community should continuously offer their support to MSMEs in their business and should build a strong relationship with them through CSR. This will produce a win-win situation in which the fund provider will be able to build a positive reputation, enabling them to gain the trust and confidence of the community (consumers) which will then contribute significantly to their success.

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