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DIGITAL EMPOWERMENT FOR SMEs BASED ON CORPORATE SOCIAL RESPONSIBILITY

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Abstract: Economic empowerment plays a significant role for SMEs, given that SMEs have not been able to independently compete due to their limitations. This study aims to examine the management of CSR programs, the empowerment of SMEs, and the implications of the results of digital empowerment for SMEs by a State-Owned Telecommunications Company. This study is qualitative research. The finding of this study is the existence of Smart Business program for SMEs. Keywords: Empowerment for Small and Medium Enterprises (SMEs), Digital Economic, ¹⁰Corporate Social Responsibility

The role of people's economy in the development of national economy is very important, evidenced by the solid people's economy in dealing with economic crisis and poverty. The people's economy means that the national economy is rooted in the potential and power of society running their own economy (Sumodiningrat, 1999). At this time, the ³digital economy is a complex and emerging phenomenon associated with aspects of microeconomics, macroeconomics, as well as organizational and administrative theory. The ¹digital economy will explain the development and economic growth of decades to come. Micro Small and Medium Enterprises (MSMEs) have a very important role for economic development. The ¹concept of digital economy was first introduced by Tapscott (1998), that a sociopolitical and economic system having characteristics as ⁹an intelligence space, including information, access to information instruments and information processing, as well as communication capacity. The first identified digital economic components are the ICT ¹industry, e-commerce activities between companies and individuals, the digital distribution of goods and services, support to the sale of goods, especially internet-based systems and services. In its present development, economics recognizes the importance of incorporating intellectual factors in the form of ¹science and technology, creativity, and various forms of innovative capital categorized as science and technology. —Global network of economic and social activities are enabled by digital technology, such as internet, mobile and censorship networks|| (Australian Government, 2013). We had to be ready to face the ASEAN Economic Community (MEA) in 2016. The more open competition among countries in Southeast Asia, from the economic, business, to employment,

is one of the reasons. The growth of digital SMEs in Indonesia by 2% has been driven by the digital SME population creating a new trend in the national business atmosphere, and it can even be used as a weapon against MEA (Deloitte Access Economics, 2015). Corporate Social Responsibility (CSR) is important for any companies in carrying out every business activity. Social responsibility relates to company's ethical responsibility to the negative impacts the company may bring to the environment and society. The role of CSR in this case is to synchronize and balance the impacts of the existence of a company. The existence of corporate awareness to implement CSR in a good manner is actually a manifestation as well as a meeting point between ethical behavioral interests of the company and the essence of sustainable development strategy, which is by integrating economic, social, and environmental development. Corporate Social Responsibility (CSR) has been in use since 1970 and is now becoming more popular as a form of corporate responsibility to society and the environment. In his book, Elkington (1997) focuses CSR into three things, i.e. profit, planet, and people. A good company not only looks for profit, but also cares for environment (planet) and people's welfare. Currently, companies are required to have sensitivity and concern for the welfare of the public, yet research on the topic has not been done. The purpose of this study is to examine the management of CSR programs, the empowerment of SMEs, and the progress achieved in accordance with the management mechanism set out in the model of SME digital empowerment.

LITERATURE REVIEW Digital Economy Hartman (2000) defines digital economy by ass —virtual arena where business is actually done, values created and exchanged, transactions occur, and one-to-one mature relationships using internet initiatives as a means of exchange.|| The other digital economic concept is the digitization of ICT information and infrastructure (Zimmerman, 2000). This concept is often used to describe the global impact of information and communication technology, not only on the Internet, but also on the economy. This concept becomes a view on the interaction between innovation development and technological progress and its impact on macroeconomics and microeconomics. Innovations in information and telecommunication technology (ICT) or digital technology over the past decade has brought an impact on the economic and business fields, so called the post-industrial society, sciencebased economy, innovation economy, online economy, new economy, e-Economy, and the digital economy (Cohen et al., 2000). Digitalization of information is a factor that precedes the creation of our digital economy. In the early days of the web, software developers used Hypertext Markup Language (HTML) and other coding languages to present information on web pages. Information about a web page, whether it be a news report, a message, a blog, an advertisement or a movie, can be distributed worldwide with little or no marginal cost (Tapscott, Ticoll and Lowy, 2000). Web functionality has increased sharply since the mid-1990s with innovations (or chaos) created by companies like Amazon, eBay, Microsoft, Facebook, Google and Apple (Chaffey et al., 2009; Tapscott, 2015).

Empowerment Small and Medium Enterprises (SMEs) In principle, empowerment is the strengthening of communities to participate in decision-making processes that affect their future, strengthening communities to obtain production factors, and strengthening communities to be able to determine their future choices. Sumodiningrat (1999) defines community empowerment as an attempt to empower society by realizing their potential abilities. The empowerment of the community always involves two interrelated groups, namely the community as an empowered party and the parties who care as the empowering party. SMEs play an increasingly important role in economies around the world. Empowerment of SMEs is necessary, considering the many challenges they must face in the competition so there is a need for synergy between companies and SMEs.

Corporate Social Responsibility (CSR) Thurow (1966) cited in Elkington, (1997) mentions that CSR emerges from company's concerns and actions for the community and the strategies the company uses to accommodate the needs and interests of its stakeholders. Elkington has formulated CSR in the form of triple bottom line (TBL) which consists of economic, social, and environment and translates it into three intervention object namely, profit, people, and planet. The term triple bottom line is used more and more to reflect on something that has been achieved, something that has happened and the agenda that will be addressed later. The concept of TBL by Elkington (1997) is based on the issue and the social and economic dimensions strong enough to exist, initiated by Brundtland Report in UNWCED (1987) which requires more integrated environmental management. Corporate social responsibility (CSR) or corporate responsibility (CR) is still an open concept that can be interpreted and defined variably across geographic time and space, although some researchers define profit-maximizing efforts that are offset by philanthropic actions (Fairbrass et al., 2006). Responsibility begins with the company's desire to be sustainable, to operate longer, to follow existing advancements, and to continue to stay in business for decades. Louise (2011) mentions that in general profits that motivate the occurrence of partnerships between companies and the community (stakeholder). The benefits the company gets such as 1) having competitive advantage, 2) building public trust, 3) managing external perceptions by enhancing public reputation, and 4) improving relationships with stakeholders (Warner, 2004; Porteer and Kramer, 2002; citation Louise, 2011), while Lynes and Andrachuk (2008 cit. Louise, 2011) add that the motivation of the company may include financial gain, reduce stakeholder pressure, and avoid regulatory sanctions.

METHODS This study uses a qualitative approach the reason as the research problem in in this study is about the how (Mardikanto 2010). This is a case study, and according to Satake (1995) in Cresswell (2009) case studies are research strategies with a thorough investigation of a program, event, activity, process, or group of individuals. Cases are limited by time and activity, and researchers collect information in full by using various time specified data collection

procedures. In this study, qualitative method is used to get data and description about digital economy empowerment. The research was conducted a telecommunication State Owned Enterprise, in Central Java and Yogyakarta region, and SME as the program target. The dimensions of the research are the operational variables or factors studied used to provide direction for the measurement (Mardikanto, 2010). Related to this understanding, the research dimension is CSR Program (Partnership and Community Development Program) and economic empowerment, as well as the results of digital empowerment of SMEs. The type of sample is nonprobability purposive. We use semi-structure interviews, focus group discussions (FGDs), observation, and documentation for data collecting.

CONCLUSION Economic empowerment by state-owned enterprises as a form of support toward SMEs is called as Partnership and Community Development Program (PKBL). PKBL is implemented on the basis of the Act Number 19 of 2003 on State-Owned Enterprises and the Regulation by the Minister of State-Owned Enterprises Per05/MBU/2007 on the intent and purpose of establishment of SOEs, i.e. not only pursuing profits but also actively providing guidance and assistance to small economic entrepreneurs and the community (Ministry of SOEs, 2010). This is because the government gets the benefits over the existence of the company or institution; in other words, the government gets some assistance in solving poverty. Such support can be in terms of funds, for example, given

in the form of grants to support the development of economic empowerment programs undertaken by SOEs. On the other hand, power support is usually provided in the form of education or training held directly by the government. The government, in this case, often asks private institutions to send their personnel to training. PKBL has 2 (two) programs. The first is the Partnership Program between SOEs with Small Business with the aim to improve the ability of small business to become independent through funds from the share of profit of SOEs. The second is the Community Development Program, a program of community social empowerment by state-owned enterprises through the utilization of funds from the share of profit of SOEs. Maximum allowance for program funding is 2% (two percent) of the net profit for the Partnership Program and a maximum of 2% (two percent) of the net income for the Community Development Program. The form of the digital-based program established by the company is Smart Business Program as a commitment to increase the potential of 100,000 SMEs through the effective use of information and communication technology (ICT) as well as to do business and to interact online (e-commerce). Through smart business programs, local SMEs can develop businesses with quality and affordable ICT solutions, such as broadband connections, web builders, web hosting, domain names, and e-commerce applications for free which can be easily operated. Through the smart business program, SMEs are expected to be able to better understand the benefits of information technology effectively so that they can take part in the global market and can improve the competitiveness of SMEs themselves.

Complete support and attention to the development of SMEs is understandable as they are the backbone of national economic growth. The company has channeled PKBL to the majority of SME partners to make it easier to obtain PKBL with smart business applications, for the SMEs to get used to Goes Digital. Smart business applications for PKBL partners cannot be separated from the three classic things faced by SMEs whenever they want to Goes Digital, i.e. capital, commerce, and competence (3C). The company synergizes by providing Information and Communication Technology (ICT) facilities in public services. The company also supports micro, small, and medium enterprises, especially in the creative industry sector, in terms of utilization of ICT by improving the directory community portal targeting small and medium enterprises (SMEs) in the web address www.smartbisnis.co.id, in an effort to digitize the million SMEs. The creation of a smart business program is part of the CSR program. The objective of the program is to support the sustainability of the economy, social, and environmental development involving the company and the community. The company empowers the community with education about the optimal utilization of ICT to facilitate activities in everyday life.

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