

## Implementation of Bank Indonesia CSR Program on Empowerment the Micro, Small, Medium Enterprises (MSMEs)(Study at the Artisans of Tenun Ikat Bandar Kidul, Kediri City, East Java)

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### INFORMASI ARTIKEL

#### Article history:

Submission date: 01 October 2016

First revision: 24 October 2016

Accepted: 15 November 2016

Available online: 28 November 2016

**Keywords:** Bank Indonesia CSR Program, empowerment, MSMEs, artisans

### ABSTRACT

Kediri City is famous with product of “Tahu Kuning&Takwa”. But, Kediri City has other potential that can be developed to encourage the local economic development is Woven Home Industry Tenun Ikat. Nowadays, the existence of Tenun Ikat Bandar Kidul product was less unknown in the market. It encourages Bank Indonesia to take a part on empowerment them to be survive in competition era. This research aimed to analyze the implementation of Bank Indonesia CSR Program to empower the artisans. The result revealed that the commitment, communication, and support among stakeholders such as: Bank Indonesia, Local Government and artisans were not good enough to success the CSR program from Bank Indonesia.

### INTISARI

Kota Kediri sangat terkenal dengan penghasil produk makanan “Tahu Kuning dan Takwa”. Namun, Kota Kediri memiliki potensial lain yang dapat dikembangkan untuk mendorong pengembangan ekonomi lokal yaitu Home Industry Tenun Ikat Bandar Kidul. Saat ini, keberadaan produk Tenun Ikat Bandar Kidul kurang begitu terkenal di pasaran. Hal ini mendorong Bank Indonesia untuk ikut andil dalam upaya pemberdayaan para pengrajin untuk dapat bertahan dalam era persaingan. Penelitian ini bertujuan untuk menganalisis implementasi CSR Bank Indonesia untuk memberdayakan para pengrajin. Hasil dari penelitian menunjukkan bahwa komitmen, komunikasi, dan dukungan diantara stakeholder yaitu Bank Indonesia, Pemerintah Daerah dan pengrajin kurang dalam mendukung program CSR Bank Indonesia.

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### 1. Introduction

The empowerment has related to sustainable development. It is a prerequisite to change people toward to better social and economy condition. The empowerment contains social values. Empowerment is a multi dimensional social process that helps people gain

control over their own lives. Perkin (1995) explains that empowerment as an intentional ongoing process in the local community, involving mutual respect, critical reflection, caring and group participation, through which people lacking an equal of values resources gain greater access to and control over those resources. Empowerment is also a process of helping

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disadvantaged groups and individual to compete more effectively with other interests, by helping them to learn and use in lobbying, using the media, engaging in political action, understanding how to work the system, and so on (Ife, 1995). It shifts into the new development paradigm those are: people center, participation, empowerment, and sustainable (Chambers, 1995). The community empowerment will support the economic development. Economic development refers to sustained, concerted actions of communities and policy makers that improve the standard of living for community. Todaro (2009) explained the economic development is an increase in living conditions, improvement of the citizen self-esteem needs a free and a just society. There has been a realization that it is not only the big businesses that provide the foundations of the nation economies but those are Micro, Small and Medium Enterprises (MSMEs). MSMEs play critical role in the development of the country (Jasra, 2011). MSMEs are being considered as engines of economic growth worldwide. One of the most important roles of MSMEs includes poverty alleviation through job creation. MSMEs play key roles in a society including contributing to jobs through innovations and creativity as well as aiding human resources development. The immediate and the long run effect is that they affect levels of income and ultimately contributing to poverty alleviation (Agyapong, 2010).

Empowerment of MSMEs need to collaborate the stakeholders such as: government, business and also society. In this role, the government must create stable atmosphere and make a program to develop MSMEs such as: training and other technical assistances. Recently, the business has given the empowerment to society through Corporate Social Responsibility program. Sweeny (2007) stated that CSR as a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as of the local community and society at large. John Elkington (1997) also explained that CSR must orient to 3P (Profit, People and Planet). The triple button line is a concept for sustainable development that relate to dimension of goals and responsibility to the stakeholders or shareholders. Many organizations respond the concept because of containing the integral strategies between social motive and economic motive.

Institution like Bank Indonesia also take a part in Corporate Social Responsibility Program. It is a banking regulator in Indonesia. To improve the performance of bank, protect the interests of stakeholders, improve compliance with legislation and ethical values that applied generally to the banking industry, so those are required to conduct its operations based on the principles of Good Corporate Governance. In this

regard, Bank Indonesia has issued the Circular No. 9/12/DPNP on May 30th, 2007, regarding to the implementation of Good Corporate Governance for Commercial Banks and Peraturan Bank Indonesia No.13/2/PBI/2011 on the Implementation of Compliance Function at Commercial Banks, therefore the Banks must implement the principles of Good Corporate Governance in all its business activities at all levels of the organization. Corporate Governance is basically concerned with ways in which all parties interested in the well-being of the firm (the stakeholders) attempt to ensure that managers and other insiders are always taking appropriate measures or adopt mechanisms that safeguard the interests of the stakeholders (Al Haddad, 2011).

Bank Indonesia is required to achieve and maintain the stability of rupiah. To achieve these objectives, there are three pillars of Bank Indonesia's duties such as: establish and implement the monetary policy; organize and maintain the smooth operation of payment systems; and stability of the financial system. Bank Indonesia is being required to carry out its main tasks, it also asked to remain a concern for the environment and community as a manifestation of its Corporate Social Responsibility as a part of Good Corporate Governance Principle. It realized through Program Sosial Bank Indonesia (PSBI). PSBI is a form of programs and a series of activities such as sensitivity, concern, and responsibility of Bank Indonesia to the problems encountered by community. PSBI has strategic programs of development economics and increased knowledge and understanding of community, in addition to conducting social awareness programs or charity. Bank Indonesia has different theme PSBI annually. In 2015, PSBI has theme "Promoting Economic Development to be Strong, Sustainable and Inclusive". The effort of Bank Indonesia in enhancing the local economic capacity such as: development of real sector and MSMEs as well as improving MSMEs access to formal financial institutions.

One of the concrete steps undertaken by Bank Indonesia Representative Office in Kediri City is to take a part in the implementation of Corporate Social Responsibility program, in supporting the development of superior product from Tenun Ikat Bandar Kidul at Kediri City. It is one of the cities in East Java, which is famous as the producer of food product "Tahu Kuning&Takwa". This image has long been embedded in this city, so that the tourist destinations centered on the central Tahu Kuning & Takwa at downtown. However, Kediri City has other potential that could be developed to promote the economic growth that is Tenun Ikat Bandar Kidul located in Bandar Kidul Village, Mojoroto Subdistrict, Kediri City.

Fabric made by handloom has become a tradition passed down through generations. Tenun Ikat Bandar

Kidul Craft Center has undergone a process of rise and decrease for its business. Yudianto and Hoetoro (2013) from their research concluded there was a dominant negative implications on several factors such as: competitiveness, production, and capital functions that hinder the development of Woven Industry Tenun Ikat Bandar Kidul became a cause of stagnant conditions happened. These three factors were indeed affecting the existence of the business of the artisan. When these conditions could not be captured by artisans, then it will lead to a reduction in production capacity. Nowadays until 2016, there are only 10 MSMEs include Medali Mas, Bandara, Kodok Ngorek 1, Kodok Ngorek 2, AAM Putra, Sampurna 1, Sampurna 2, Sinar Barokah 1, Sinar Barokah 2, and Kurniawan. But, before 2015, there are 13 artisans of Tenun Ikat in Bandar Kidul. Rochmawati (2015), her research focused to the Role of Government in Empowerment of Bandar Kidul Craft Center revealed that the quality of human resource can be a limiting factor of empowerment to the businesses activities. Lack of appearance, tenacity, and creativity of some artisans or business owners become a critical problems. Furthermore, the aid loan from the government has not been able to arouse the enthusiasm of the artisan to access it. Hariyono (2015) from his research purpose was to analyze the people's behavior in taking business decisions as a development basis model of the society entrepreneurial training model at Tenun Ikat Bandar Kidul Craft Center. He concluded that there was a way to empower the artisans of Tenun Ikat Bandar such as: motivating craftsmen and workers of Tenun Ikat Bandar Kidul, marketing solutions product for Tenun Ikat Bandar Kidul through internet marketing, training the entrepreneurs to promote the spirit of entrepreneurship, developing strategic training plans. Empowerment is an ongoing process, therefore the support from stakeholders are needed to encourage the artisans could survive in the competition era.

Perceiving the conditions that the potential of Tenun Ikat Bandar Kidul product is less able to progress in good productivity, therefore, a technical assistance from Bank Indonesia is shared with the Local Government and Forum Pengembangan UMKM dan Inklusif Keuangan Kota Kediri (FPUKI2K) launched Woven Home Industry of Tenun Ikat Bandar Kidul in March 27, 2015 as an effort to empower the group of artisans could get better social and economic conditions. The launching of the Woven Industry of Tenun Ikat Bandar Kidul is the start up from Bank Indonesia Kediri as an empowerment of MSMEs artisans of Tenun Ikat Bandar Kidul until 2017.

This study analyzes the implementation of CSR conducted by Bank Indonesia Kediri on empowerment of MSMEs artisans of Tenun Ikat Bandar Kidul. Moreover, it can also pursue the local economic

development. This study is expected to contribute in providing an overview of the implementation of CSR in Indonesia and how collaborate among stakeholders to support the CSR Program. It will indicate how the relationship between CSR implementation and corporate performance.

## 2. Theory

### 2.1 Policy Implementation

George C Edward III (1980) explain explains that there are four critical variables in program implementation including: communications, resources, disposition, bureaucratic structure. See picture below:

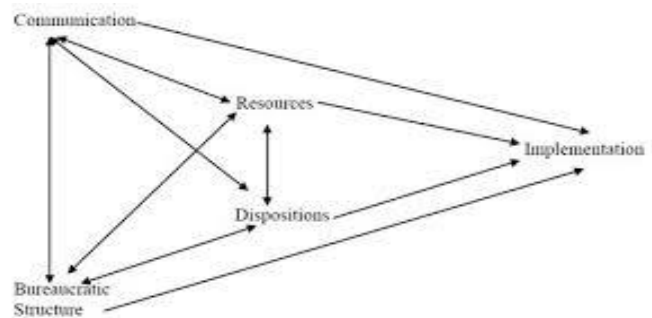


Figure 1 Policy Implementation Model Edward III

Source: Edward III, 1980

#### a) Communications

Communication is not just a device for alignment. How the policy is communicated to the organization or public, the availability of resources to implement the policy, the attitude and response of actors involved, and how the structure of the organization implementing the policy. Communication required by implementors to recognize what they should do.

#### b) Resources

With regard to supporting resources to implement policies that human resources are important actors in the implementation of a policy and the human potential inherent in one's presence includes physical and non-physical form of the ability of an employee who accumulates both of background experience, expertise, skills and personal relationships.

#### c) Disposition

It related to the willingness of the implementor to complete the public policy. Skills alone is insufficient without the willingness and commitment to implement the policy. Disposition of maintaining consistency between what the objectives set out the policy makers and implementors. Key to the success of a policy implementation is the implementors attitudes towards acceptance and support for the policies that has been set.

#### d) Bureaucratic Structure

Regarding to bureaucratic organizations be the organizer of public policy implementation. The bureaucratic structure explains the composition of the

task and the policy implementers to solve it in the job description and set of standard operating procedures.

## 2.2 Corporate Social Responsibility

Social responsibility is the responsibility of an organisation for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization (Hohnen, 2007).

Building the business case for CSR, D'Amato (2009) point out that much effort has focused on CSR in an attempt to demonstrate that positive CSR can be linked to improve the financial performance. There is a growing sense that looking after the people and the community as well as the environment are all relevant to long-term business survival.

## 2.3 Empowerment

Erstad (1997) explained that empowerment has been described as a means to enable employees to make decisions. Empowerment as a personal phenomenon where individuals take responsibility for their own actions. The first definition relates to how management facilitates and implements the empowerment culture, while the second emphasizes the importance of the individual in the truly successful application of empowerment. The end goal is to develop the performance and potential of the individual as well as that of the organization.

There are a number of characteristics of empowerment processes that provide a focus (Ruedin and Oswald, 2012):

- a) Empowerment processes tend to be supported through projects and programmes rather than through centralised sector or direct budget support;
- b) These programmes build capacity and transform relationships, for example through organisational strengthening and networking as the basis for more effective action by individuals and groups in their relationships with those with institutionalised power (policy makers, service providers, employers, patriarchs); and
- c) Donors are part of these power relations and therefore have an added responsibility to reflect on their role in empowering or disempowering those they are seeking to support.

As far as empowerment is concerned the outcomes of participation and rights-based programmes would embrace the rang. Nixon (1994) sees empowerment arising from external and internal challenges for organizations. External challenges have resulted as a result of higher levels of competition, changes in the

composition of the workforce, and higher expectations from customers. Internal challenges relate to employee retention, motivation, and development

Lord and Hutchison (1993) defines empowerment is an interactive process through which people experience personal and social change, enabling them to take action to achieve influence over the organizations which affect their lives and the communities in which they live. Felicio et al (2012) human capital refers to a set of characteristics that provide individuals with more skills, namely, cognition, experience and knowledge, which make them more productive, provide a higher potential for efficiency and enhance the development of activities.

## 3. Research Method

The research was conducted in descriptive qualitative. Qualitative research is a holistic approach that involves discovery. Qualitative research is also described as an unfolding model that occurs in a natural setting that enables the researcher to develop a level of detail from high involvement in the actual experiences (Creswell, 1994). One identifier of a qualitative research is the social phenomenon being investigated from the participant's viewpoint. The analysis presented was based on three principal sources include are a review of existing literature, key informant interviews with participants in the field, and case-study data derived from previous researches. Data collection conducted by interview, observation, and documentation. The depth interview focused on individuals with a broad purview of the field and the ways in which CSR programs are being operationalized. The interviewers included are: ten artisans, Bank Indonesia officials, government officials, and surrounding community.

## 4. Results and Discussion

Empowerment conducted by Bank Indonesia Kediri tend to be supported through projects and programs rather than through centralized sector or direct budget support. It will not encourage the artisans to be dependency with the aid from Bank Indonesia Kediri as a donor. Before implementing the programs, Bank Indonesia Kediri has done the Focus Group Discussion among artisans and Local Government.

CSR program of Bank Indonesia empowered the artisans can be described below:

- a) Bank Indonesia Kediri has given some handlooms are divided into two stages. One handloom given to Local Government as a medium of education that will be placed at the center souvenirs of Kediri City.

Table 1 Aids from Bank Indonesia

No	Name of MSMEs	Phase 1	Phase 2
1	Medali Mas	1	1
2	Kodok Ngorek 1	1	1

No	Name of MSMEs	Phase 1	Phase 2
3	Kodok Ngorek 2	1	1
4	Kodok Ngorek 3	1	3
5	Sinar Barokah 1	1	1
6	Sinar Barokah 2	1	3
7	Sampurna 1	1	1
8	Sampurna 2	1	1
9	Kurniawan	1	2
10	Bandara	1	0
<b>Total</b>		<b>10</b>	<b>13</b>

Source: Observation data in field by the researcher, 2016

- b) The yarns were distributed by business group (Kelompok Usaha Bersama). Bank Indonesia Kediri did not provide the assistance in the form of fresh money because of willing to empowering the business group.
- c) Rent the show room for three years. Since 2015 up to 2017

Bank Indonesia has given one handloom to the Local Government, but it was not placed at the center souvenirs of Kediri City. The Local Government argued that the handloom was put in one MSME. Unfortunately, the aid was not used well by Local Government. Bank Indonesia gave the yarn to empower the artisans because they can get the materials easy and cheap through the KUB. But, there are artisans that did not want to use the facilities from Bank Indonesia.

In case of show room, Bank Indonesia only provided the budget, and the location was decided by the MSMEs. The researcher found that the show room are often closed. Management show room is not organized well because the guard show room is done in turns among the artisans. It is less structured because show room was kept by among the artisans. Therefore, the necessary negotiations between the Bank Indonesia and craftsmen as well as the necessary intervention Kediri City Government to help solve this problem. Show room location based on observation is less strategic without attractive advertising media. Research shows that there is still less commitment among artisans to find a solution how to keep the show room can run well. Therefore, it is necessary to get support from local government to intervene the artisans so that they want to be concerned with their egos and think about sustainability of show room future.

CSR program was conducted by Bank Indonesia Kediri purposed to empower (MSMEs) artisans at Woven Home Industry of Tenun Ikat Bandar Kidul and make them manage their business better. Lucky and Olesogun (2012) Generally, SME sector is categorized into three: micro, small and medium enterprises or businesses. The micro SMEs are the smallest among the three categories. The small businesses are business bigger than the micro-businesses in terms of size, number of employees, structure, capital investment and

economic contributions. For the case for the artisans at Woven Industry Tenun Ikat Bandar Kidul included the category for micro and small business. Agyapong (2011) defines that MSMEs are dominated by one person, with the owner/manager taking all major decisions. The entrepreneur may possess limited formal education, access to and use of new technology, market information, and access to credit from the banking sector is severely limited; they have weak management skills, thus inhibiting the development of a strategic plan for sustainable growth; they experience extreme working capital volatility; and lack of technical know-how and inability to acquire skills and modern technology impede growth opportunities

Empowerment include both process and outcomes, suggesting how the actions, activities, or structure may be empowering the artisans. Even, when community planning operates from below, with local people participating in all the decisions, in most of the cases the decision on the planning itself is still not a local one. Second step was capacity building. The process is directed to empower the capacity of artisans through the creation of capital accumulation that comes from surplus generated. It was expected to create revenue that ultimately perceived and transformation process should be able driven by communities themselves. Capacity building is a process that improve the ability of a person, group, organization, or system to meet its objectives or to perform better (Brown et. al, 2001). Like capacity, capacity building is a multi-dimensional and dynamic process. It should lead to an improvement in performance at each level and contribute to sustainability. Alsop and Heinsohn (Jupp and Ali, 2010), who take a more capacity building view of empowerment, define empowerment as enhancing an individual's or group's capacity to make choices and transform those choices into desired actions and outcomes' and thus suggest that it is both a process and an end result.

Lord and Hutchison (1993) defines empowerment is an interactive process through which people experience personal and social change, enabling them to take action to achieve influence over the organizations which affect their lives and the communities in which they live. Felicio et al (2012) human capital refers to a set of characteristics that provide individuals with more skills, namely, cognition, experience and knowledge, which make them more productive, provide a higher potential for efficiency and enhance the development of activities. In the business perspective, it have highlighted that individuals with higher levels of human capital have a higher propensity for entrepreneurial activity as a result of greater levels of self-confidence and decreased concerns over risk. The artisans should have the strategy how they could improve and develop

their business better. Kraja dan Osmani (2013) revealed that despite the initiative to face challenges, SMEs, managers or owner-managers have to spend more time with management, strategies, because this will help to understand the current situation and to make safe steps towards the future. Managers have to be aware of what they are doing. Sometimes, for most businesses, human resources are the main resources that SME probably have. Understanding and managing their human resources and their culture is considered as a competitive advantage by them. The products produced by artisans were still less varied, only a few craftsmen who make a variety of products. Most just focus on fabric and sarung goyor. Local Government joined with Bank Indonesia has also conducted training in management and product diversification. But all returned to the craftsmen they want innovative thinking forward or not.

Lack of customer's need is what businesses have to consider. MSMEs manager should first be involved in identifying what the customer needs are and translate them into the planning of a new product or a new service. Knowing customers' need about the product or service helps them to meet customers' expectations. Customers' expectation is continuously increasing; companies are now required to go beyond their primary need of satisfying the customer, they are exceeding the expectations to delight the customer. Micro, Small and Medium Enterprises do not possess enough ability to manage the technology (Wang H.&Wu, Chunyou, 2011). Artisans and their weavers have to try to be innovative and constantly bring their best to SMEs. What SME's owner has to know and remember is culture. Culture is important because the SME's culture is unique and is hard to be duplicated. Culture has to do with the way to communicate with customers, suppliers and all other actors. Poor management, lack of managerial education, lack of initiative are some reasons why SMEs are not able to maintain the competitive advantage. Bigliardi (2011) One of the main obstacle met by companies during development and introduction of innovation is represented by the difficulty to establish partnership with other companies, by financial problems and lack of resources in the company.

What the big problems for artisans of Tenun Ikat Bandar Kidul was the inability to market their product. Some artisans have tried to market through internet, but some of them can not do it. Nowadays, the use of social media has become an important tool to introduce new products and services in the world (Sosa, 2015). However, in some countries social networks are very important to show what the company is and what they are doing with their businesses, it means that they sharing everything with their customers, like products, services, goals, some cases they try to educate their

public about the use of the product or service, among other things. When people started using social networks on the internet, these were conceived as a mean to communicate with relatives or friends. However, with time, the social networks have evolved to a point that they now allow people to use them to generate sales and increase the competitiveness of enterprises. The Local Government has given a training how to use the internet market for the artisans but it needed follow up from Local Government in order to make consistency among artisans to do the internet marketing together.

The role of the leader in guiding business toward sustainable social responsibility is complex and vast, and it has been alleged that it requires a unique array of leadership skills and competencies. A change in management thinking has been from process to people. Leadership styles and leadership capabilities and competencies most prevalent among leaders whose organizations have successfully experienced changes in organizational strategy and focus. The leader of Bussiness Joint Group (Kelompok Usaha Bersama) got the difficulty to develop the members of group because each of artisans still have high sectoral ego. He thought that if all artisans could not join together think forward, it will obstacle in developing the product of Tenun Ikat Bandar Kidul in future.

Bank Indonesia CSR program expected by empowering the artisans, they could develop their leadership to develop their business. Empowerment in general terms as a process enabling individuals, through participation with others, to achieve their primary personal goals. Such as a definiton appropriately eemphasize individual motivations but also collective action and allow the process to be examined across a variety of community group organization and setting. Output of program should give a change in the artisans to create innovative by supporting Bank Indonesia as a donor. Jupp and Ali (2010) define outcomes as 'changes in the behaviour, relationships, activities, or actions of the people, groups, and organizations with whom the programme has engaged, both directly and in terms of opportunities for wider influence'. As far as empowerment is concerned the outcomes of participation and rights-based programmes would embrace the rang. Nixon (1994) sees empowerment arising from external and internal challenges for organizations. External challenges have resulted as a result of higher levels of competition, changes in the composition of the workforce, and higher expectations from customers. Internal challenges relate to employee retention, motivation, and development. The aid from Bank Indonesia should be a guidance for artisans to think about what the competition encountered by them. In the competition era, they should be more creative and innovative. Technological resource is one the most

important element in the success of any business. Firm that uses the latest technology tends to captures its customers more than its competitors. Although technology has its cost but in the end business usually recover this cost as they operate. Still they are able to get an edge over its competitors by application of new technology. In the third world countries most of the SME's are not able to install new technology due to its higher cost. But from previous researches it is founded that technology has its deep roots in the business success of the SMEs and Marketing strategy most of the SME's operating around the globe are tend to have less marketing and technical resources, do less market research, possess fewer incentive and reward programs, lack presence in large readily accessible markets and have less well-recognized brands (Hayami, 2009). Market development is, therefore, vital for preserving high growth in the small and medium line businesses and their success. Furthermore, market orientation is also necessary for the development of a business. Market orientation is defined as organization culture creates the necessary behavior for the creation of higher value to customers was found to be considerably correlated with company performance. More specifically, it been noted that market based orientation is fruitful in selection of a healthy and attractive product when the SMEs operates in markets with relatively homogenous product (Verhees & Meulenberg, 2011).

Bank Indonesia expected that the MSMEs artisans of Tenun Ikat Bandar Kidul could be powerless. This stage called by the empowerment, the target is given the powerless, authority or opportunities to achieve good performance. Performance is the rate of realization of the purpose or outcome level of the activity (Tutar, 2011). It realized how much the purpose or the objective is achieved. Institutionally, performance is defined differently according to different approaches. Performance is the level of reaching the target both for the institution and the individual.

In implementing the CSR program of Bank Indonesia could not be separated from the variables that influence it. Implementation of the Bank Indonesia CSR program could be categorized from the variables:

a) Communication among stakeholder

Based on the research showed that the communication between the Bank Indonesia and Local Government of Kediri City was still not good established. It can be viewed from the discrepancies between the policies of Bank Indonesia to Local Government through the failure to apply the policy of Bank Indonesia to establish a handloom as educational materials to the public at the center Souvenirs of Kediri by the municipal government. The handloom has being instead placed in one MSME. Communication between

the local government and Bank Indonesia is still less see where on the show room is still not able to function as it was intended has not been effective and efficient. Both the municipal government and Bank Indonesia more synergy in developing the show room together. Communication between Local Government and Bank Indonesia did not run well yet. Condition of show room is not effective and efficient. Local Government and Bank Indonesia should have a synergy to develop the show room "Tenun Ikat Bandar Kidul".

b) Existence of Resources

The resources are very important to support the success of policy. Human resources are important actors in the implementation of a policy and the human potential inherent in one's presence. Educational background is lacking and only rely on experience hereditary artisans cause a lack of ability to adapt to changing demands in the society. Authority related to the right to take a decision, the right to direct the work of others and the right to give orders. Business Joint Group (Kelompok Usaha Bersama) is given the authority to move the craftsmen to obey the rules that have been agreed. However, in reality the role of KUB is still not maximized in directing its members to remain consistent due to lack *kompakan* among craftsmen. As in the case of handloom dues every month, issue a decision on how/surveillance systems show room together through discussion. Coaching for three years from 2015-2017 by Bank Indonesia need to be supported also by the local government of Kediri, Kediri City Government through the authority should also be equally follow CSR programs that have been launched by Bank Indonesia, which has cost hundreds as well. The CSR program will end in 2017.

Facilities is as a tool of supporting and implementing an activity. Facilities may also be referred to the equipment owned by the organization in helping the workers in the implementation of their activities. Existence of show room is sufficient to provide more value to the marketing aspects of all the product of weaving, but the lack of coordination between the relevant stakeholders to make a show room where they have not shown the expected results. The funding of the implementation of the policy, relevant information, and sufficient about how to implement a policy, and the willingness or ability of the various parties involved in the implementation of the policy. Related PSBI seen that funding for grants already awarded. However, it takes not only that, but the continuation of the program can also equally be a priority by the local government of Kediri to jointly think about the problem of funding/capital. This is due to the support of the municipal government is very important.



## c) Variety of disposition

It related to the willingness of the implementor to complete the public policy. Disposition of maintaining consistency between what the objectives set out the policy makers and implementors. Research shows that the attitude and commitment of the artisans and Local Government to support BI CSR program is still lacking. This is evident from the less compact of the artisans alike think about sustainability of Bank Indonesia CSR programs.

## d) Bureaucratic Structure in the CSR Implementation

In the development of Tenun Ikat Bandar Kidul, Mayor of Kediri City has set a Mayoral Decree No. 188.45 / 178 / 419.16 / 2015 on the steering committee for the Woven Industry Tenun Ikat Bandar Kidul, chaired by the Mayor and his staff following also SKPD and Bank Indonesia. From the results of recent research shows that the synergy of each of the components need to be empowered again in supporting the development of ikat city kidul forward.

## 5. Conclusion

The results revealed that the Institutional of Bussiness Joint Group (Kelompok Usaha Bersama) was lack of collaborations. Communication between Bank Indonesia Kediri and Local Government of Kediri City is still less established. It can be viewed from the discrepancies between the policies of Bank Indonesia Kediri and Local Government of Kediri City through the failure to apply the policy of Bank Indonesia to establish a handloom assistance as educational material in the center Souvenirs of Kediri. The Support from local government through the attitude and commitment is still lacking in supporting the CSR of Bank Indonesia Kediri through the empowerment of MSMEs artisans of Tenun ikat Bandar Kidul Woven Industry. Local Government through the authorities should take a part intensively to success the CSR program of Bank Indonesia which cost hundreds rupiahs. The attitude and commitment. The program will end next year 2017. Unfortunately, if the CSR program showed less results. CSR program of artisans to support the success of CSR program is still lacking. Bank Indonesia Kediri needed the synergy from all stakeholders to empower Woven Industry Tenun Ikat Bandar Kidul in order to support the local economic development at Kediri City.

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