

# The role of corporate social responsibility in increasing company growth through micro waqf bank as a solution for economic resilience in the pandemic

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## The role of corporate social responsibility in increasing company growth through micro waqf bank as a solution for economic resilience in the pandemic

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### Abstract

**Purpose** - The purpose of this study was to determine the effect of corporate social responsibility (CSR) on increasing company growth through Micro Waqf Banks (a case study of Micro Waqf Bank customers during the covid 19 pandemic).

**Method** - The data were analyzed through the stages of reduction, display, and heuristic data, that is concluding from various data and findings obtained by researchers both from secondary data and primary data.

**Result** - Micro Waqf Banks provide loans with small margins so that cheap funding is needed, namely from government grants and CSR from companies, even from personal sources. But in practice, the institution has difficulty in the process of increasing the funding so that, in general, it still comes from government grants. From the results of the study, 50% of business customers increased so Micro Waqf Banks could affect the economic improvement of community members, especially Micro Waqf Bank customers.

**Implication** - MSMEs have increased from 10-40% so that it directly affects the economy of Micro Waqf Bank customers. This also indirectly affects the community's economy because of the associated economic cycle even during the COVID-19 pandemic.

**Originality** - This research is the first research using CSR and Micro Waqf Banks to increase company growth directly and to the country's economic growth indirectly.

**Keywords:** CSR; micro waqf bank; economic empowerment



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## Introduction

Responsibility for environmental and social management must be carried out jointly between the government and the community. The state issues various regulations so that companies can participate in social and environmental management, for example Law No. 32 of 2009 concerning the protection and management of the environment. In addition, Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) Regulation No. 51 of 2017 concerning sustainability reports aims to accelerate and force companies to participate in overcoming economic, social and environmental problems in Indonesia.

At the end of 2019, the world was shocked by the emergence of a new virus that was identified for the first time in Wuhan, China. This outbreak spread very quickly to various countries in the next two weeks so that it became a global pandemic. Currently the corona virus outbreak has become a global pandemic that has claimed more than 1.7 million people in 212 countries (Worldometers.info data December 23, 2020). On March 14, 2020, Indonesia declared the pandemic a national disaster. Immediately after that, the government urged the public to isolate themselves and reduce gatherings and activities outside the home. Some companies also enforced work from home rules. The World Bank called the global recession in 2020 the worst since World War II. At that time, the global economy contracted by 15.4%. In 2020, the world economy is predicted to contract by 6.2%. This means it is much worse than during the global financial crisis, when the economy contracted "only" 2.9% (Nasution et al., 2020).

From the various activities regarding the Corporate Social Responsibility (CSR), it can be concluded that the company's CSR is still trying as much as possible to continue to carry out their social responsibilities in the midst of the Covid-19 pandemic situation like this. Because of course, there will be many obstacles that were previously not anticipated. Companies must continue to adapt to find solutions to the obstacles as the impact of the Covid-19 pandemic. (Sarkawi et al., 2015).

The CSR activities of each company are different. In 2020, BNI allocated 100 billion CSR funds and Bank Jateng allocated 17.76 billion CSR funds. The total amount of CSR funds in Indonesia and Central Java is not exactly known because the respective companies are not integrated. One of the CSR activities is improving the community's economy with capital grants to Micro, Small and Medium Enterprises (MSMEs) that have an important function in the development of public finances. One of the functions of MSMEs is to support the economic development of the community. On the other hand, MSMEs can also reduce the percentage of total unemployment and absorb jobs to influence the macro economy. Therefore, the presence of MSMEs in public economic activities is significant and is a tangible form of the practice of the people's economy in supporting national economic development.

Giving grants directly to MSMEs will not gain maximum results because without comprehensive empowerment in a structured and measurable manner, the grants will evaporate. Therefore, institutions that are able to carry out empowerment are needed, one of which is through Micro Waqf Banks (*Bank Wakaf Mikro/BWM*). BWMs actually aim to provide loans for micro business actors that are not affordable by conventional and sharia financial institutions. Through conventional and sharia financial institutions, borrowers must include collateral and complicated administration to get financing. The existence of a BWM can provide convenience where the public can get a small capital loan by only charging an administration fee of 3% per year and operating costs (Bank et al., 2020).

Assistance and guidance for business development for BWM customers is an additional benefit for business actors. Business assistance is a characteristic of the BWM approach so that business actors can be easily controlled and smooth financing installments are guaranteed. The concept of the BWM is very good because it provides low returns and also has a large benefit contribution to the community, especially the lower economic level (Disemadi et al., 2019).

There are many studies focusing on the role of companies in environmental and social care. For example, results of the research by

Karaman et al. (2018) show that CSR is positively influenced by company size and leverage. The research was supported by Dienes et al. (2016), Orazalin & Mahmood (2019), Karaman et al. (2018), Shamil et al. (2014), and Dissanayake et al. (2019). The company's CSR activities will affect the performance achievement of an entity because it will increase the trust of stakeholders so that company profits increase (Noordin et al, 2017; Ortas & Gallego-Álvarez, 2020; Agyei-Mensah & Buerter, 2019; Kessapidou & Varsakelis, 2002; Khurshid et al, 2017; Abubakar, 2016).

Based on this thought, this research is an update and expansion of previous research in the field of CSR (Yusoff et al., 2015). The originality of this research is the distribution of CSR through BWM to increase company growth, especially during the pandemic. A special segment taken from BWM is the increase in MSMEs because these entities have a crucial function, given the high demand and unemployment in Indonesia which continues to increase consistently. MSMEs can reduce the unemployment rate in Indonesia with additional employment opportunities so that it has a positive impact on economic activity in Indonesia.

This research expands on previous studies examining various indicators of CSR (Buallay & Al-Ajmi, 2019; Shamil et al., 2014; Orazalin & Mahmood, 2019; Aras et al., 2017; Halbouni et al., 2016) and aims to examine CSR with company growth through the role of BWMs assistance. The awareness of companies in activities other than the economy is a driving force for economic growth because if CSR funds can be optimally implemented, one of the entities, namely MSMEs, will be able to be empowered properly so that the nation's economy will also increase and can help economic resilience during a pandemic.



## Literature Review

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### Legitimacy Theory

Legitimacy theory states that an organization can only survive if the community in which it is located feels that the organization operates based on a value system that is commensurate with the value system owned by the community. Thus, the organization continuously tries to act in accordance with the boundaries and norms in society so that its activities are accepted according to the perception of external parties (Hahn & Kühnen, 2013). The thing that underlies the legitimacy theory is the "social contract" between the company and the community where the company operates and uses economic resources (Karaman et al., 2018). The existence of the company is very much determined by the community because the relationship between the two influences each other. Thus, a good social contract is needed so that there is a balance. The agreement can protect the interests of the company (Mukhlisin & Fadzly, 2020).

### Corporate Social Responsibility (CSR)

Experts do not have anything in common in defining CSR even though the definitions have the same essence; "Corporate Social Responsibility (CSR) is about how companies manage the business processes to produce an overall positive impact on society". This definition is taken from the philosophy of how to manage a company either partially or entirely to have a positive impact on itself and the environment. Companies must be able to manage their business operations by producing products that are positively oriented towards society and the environment (Laela et al., 2018).

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Sustainable development is a new concept of development that emphasizes the integration of environmental conservation and economic growth. Previously, the concept of development was synonymous with economic growth, which could be measured by certain parameters such as Gross Domestic Product (GDP). In fact, the concept of development has a broader meaning than the concept of growth because development means an

increase in the quality of life, while growth only emphasizes economic improvement (Liesen et al., 2015). According to Munn, development in sustainable development refers to improving the quality of humans and the environment by meeting their basic needs. Obviously, the concept of development here has a more comprehensive meaning than economic growth (Purnomo & Lestari, 2013).

Research on CSR is increasingly important. Some studies focus on specific topics related to sustainability reports (Høgevold et al., 2015) or in specific countries (Pogge & Sengupta, 2015), while others use a more general approach (Huang & Watson, 2015). Several of these reviews have analyzed studies that investigate not only sustainability reporting but also different types of sustainability-related reporting (e.g. by taking only social and/or environmental concerns into account). Reporting practices have changed since the 1970s (Thanetsunthorn & Wuthisatian, 2018). In some cases, traditional financial reporting has been supplemented by social reports. In the 1990s, the focus shifted to more comprehensive CSR reports or sustainability reports. All of these types of reports are to some extent related to sustainability. Investigating different types of sustainability-related reporting in one systematic review carries the risk of misinterpreting the results. To avoid this problem, this research only focuses on studies that include comprehensive sustainability reporting. One of the prominent concepts in operationalizing sustainability is Elkington's triple bottom line (TBL). This concept refers to the three dimensions of sustainability (economic, environmental, and social). So does Global Reporting Index (GRI), which was founded in 2000 as the standard that is most frequently used worldwide.

Research on CSR disclosure has been widely carried out both in Indonesia, for example by Tanudjaja (2006), and abroad, such as by Rahmawati et al. (2020) and Mirfazli (2008). The studies produce various effects, both in terms of antecedents and consequences of CSR disclosure practices.

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Indonesia issued various regulations related to CSR, namely: 1) Law No. 40 of 2007 concerning Limited Liability Companies. 2) Government Regulation No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies 3) The Constitutional Court Decision No. 53/PUU-VI/2008 was issued due to the fact that the company that manages natural resources is related to Article 33 paragraph (3) of the 1945 Constitution so that the state has the right to regulate differently (p. 96). 4) The obligation to carry out social responsibility also applies to other business entities such as Cooperatives, CV, Firms, and Trading Businesses based on the provisions of Article 15 of Law No. 25 of 2007 concerning Investment (p. 96)

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Corporate Law and Government Regulation No. 47 of 2012 as implementing regulations do not specify the minimum amount of funds that must be allocated for CSER. Article 74 paragraph (2) of Law No. 40 of 2007 only stipulates that CSER is a corporate obligation that is budgeted and calculated as corporate costs whose implementation is carried out by considering propriety and fairness. However, in practice, several regions have regulated the minimum amount of CSER budget in Regional Regulations (Peraturan Daerah/Perda), for example, the Regional Regulation of the Province of East Kalimantan No. 3 of 2013 concerning Social and Environmental Responsibility of Limited Liability Companies and the Partnership and Community Development Program. Article 23 paragraph (1) Perda Kaltim No. 3/2013 stipulates that the financing for the implementation of Corporate Social and Environmental Responsibility (CSER) is allocated at least 3% of the company's net profit each year.

### Micro Waqf Bank

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Micro Waqf Bank (BWM) is a Sharia Microfinance Institution which was established with a license from the Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) and aims to provide access to capital or financing for small communities who do not have access to formal financial institutions. BWMs



are expected to improve people's living standards and reduce inequality and poverty (Disemadi et al., 2019).

BWMs are believed to be able to increase financial inclusion, especially for the community and small business actors to get easy capital to initiate a business. BWMs themselves are not allowed to take deposits from the public because they have a focus on community empowerment through financing and business assistance. BWM is an effort from the government to increase financial inclusion as the implementation of the Presidential Regulation of the Republic of Indonesia No. 82 of 2016 concerning financial inclusion strategy (Goleman et al., 2019).

OJK focuses on providing financial access for the wider community and participating in programs organized by the government. This program is intended to address the problem of eradicating poverty and inequality through financial inclusion which is manifested in the form of an innovative business model for Sharia Microfinance Institutions (*Lembaga Keuangan Mikro/LKM*) of boarding school, where the focus is on the small community. BWM operating licenses are under the OJK and are regulated in Law No. 1 of 2013 concerning Microfinance Institutions Article 9.

Research conducted by Ani Faujiah (Rahman & Widayanti, 2021) (Bank et al., 2020) with the title "Micro Waqf Bank and Its Effect on Financial Inclusion of Small and Micro Business Actors (SMEs)" explains the importance of developing *waqf* in Indonesia with maximum *waqf* management in distributing utilization to the community. So, a reliable, trustworthy, transparent and accountable way of empowering *waqf* is needed to improve the quality of the *nadzir* through training, workshop, and several other activities. In particular, cash *waqf* in *fiqh* (treasury) has received little attention from scholars. However, cash *waqf* has succeeded in moving the local economy; the interest of Muslims to carry out cash *waqf* continues greatly. Moreover, the positive laws have stated that Indonesia has accommodated cash *waqf* in the regulations.

Research conducted by Hidayat & Makhrus (2021) journal entitled "Micro Waqf Bank as a Means of Empowerment for Micro, Small and Medium Enterprises" stated that BWM is like a Sharia Micro Financial Institution (*Lembaga Keuangan Mikro Syariah*/LKMS) whose activities are focused on financing, business development and empowering productive poor people and located in the boarding school area which is directly supervised by OJK together with regional officials and Islamic boarding schools. BWMs do not collect or manage public funds. Their financing is group-based, without collateral, and group financing with a joint responsibility scheme. In sharia financial institution, it is mandatory to use a contract that is in accordance with sharia values. OJK Regulation No. 62/POJK. 05 of 2015 explains that the contracts that can be used by LKMS are *musyarakah*, *mudharabah*, *murabahah*, *ijarah*, *salam*, *ijarah*, *isthisna* and *qardh* contracts. The financing model used in the BWM Amanah Berkah Nusantara is the *qardh* contract (Rahman & Widayanti, 2021).

Research conducted by Alan entitled "The Contribution of Micro Waqf Banks to the Empowerment of Micro Enterprises in Islamic Boarding Schools (Case Study of Al-Pansa Micro Waqf Bank)" explains that the assistance and financing attempted by BWM Al-Pansa to its members has an effect on increasing production or sales, business income, operating profit, and economic conditions. The increase in production urges the formation of an increase in business income and customer operating profit, which after that also improves the economic condition of the customer. Although there is an increase, the increase in production is not significant (Goleman et al, 2019).

### Company Growth

The company's growth ratio and the faster growth rate indicate that the company is conducting an expansion. When there is growth, it shows the company's ability to increase size. Of course, this growth ratio is influenced by many factors such as internal, external, and industrial climate influences (Setiawan, 2020).

The growth ratio has an important role to calculate success (Dali et al., 2008). Especially for novice investors who want to analyze stocks, the concept of this growth ratio is very mandatory to understand. Types of growth ratio: 1) Sales Growth, 2) Net Profit Growth, 3) Earnings Per Share Growth, 4) Dividend Growth Per Share.

## Research Methods

This study uses a qualitative method with a case study model on Micro Waqf Banks in Central Java. There are three variables, namely CSR, company growth and BWMs. The three variables are interrelated, that the company growth as measured by the increase in income is influenced by the process of running the scheme at the BWM and also the capital owned and managed by the BWM (Fuadi, 2018).

**Table 1. Research Indicator**

Variable	Indicator
CSR	1. Economic 2. Environment 3. Social
Micro Waqf Bank	1. Religion 2. Family 3. Entrepreneurship
Company Growth	Income

Source: Fuadi (2018)

In measuring CSR with three indicators, namely economic, environmental and social, companies are required to voluntarily carry out these three activities, namely seeking profit (Fitriyah et al., 2016), protecting the environment, and prospering the society. According to the Global Reporting Index (GRI), the indicators are broader, but this study only focuses on these three.

The measurement of Micro Waqf Bank used three indicators, namely religion, family, and entrepreneurship. A person needs three basic things that

must be mastered in order to be happy in this world and the hereafter, that is through obedience to God's commands so that assistance is needed in the field of religion. The second is that managing a family is not easy so assistance and education are needed in family management. And the third is in the field of income generation through self-employment; capital is not the main factor but how to build a person's mindset, courage, innovation, and knowledge in the field of entrepreneurship are more important so assistance in the field of entrepreneurship is needed. Through this micro *waqf* program, it is expected that customers will become entrepreneurs who are successful in their business and their families are harmonious and religiously obedient (Ahmed, 2011).

The growth of the company in this study uses an indicator of increasing MSME income, namely business income from BWM customers (Pomare, 2018). Methods of data collection in this study used interviews, observation and documentation. Respondents in this study were managers and customers of BWMs in Central Java that belong to MSMEs (Narteh, 2013). Data analysis was done through the stages of reduction, display and heuristic data, namely concluding from various data and findings obtained by researchers both from secondary data and primary data. The secondary data were taken from the Internet and primary data were taken from interviews and supporting data provided by BWM managers and customers (Zulfikar, 2018).

## Results and Discussion

### Description of CSR Performance and Micro Waqf Banks and MSME Growth

Micro Waqf Bank is a government program in collaboration with OJK which aims to provide funding or financing channels for people who are not affiliated with formal financial institutions, especially those in Islamic boarding schools. The existence of religious micro-banks is expected to improve the community's economy through the funds provided. The purpose of this study was to determine the role of religious micro banks in improving

the productive economy of the community around Islamic boarding schools and small and medium enterprises. The method used is descriptive. The nature of the data is qualitative, and the source of data is original data obtained through interviews. The results of this study indicate that the role of BWM is to provide all the convenience of funds for the community around the Islamic boarding school, namely through HALMI (weekly *halaqah*) to provide non-collateral funds for customer business development activities and as spiritual and religious support for customers (Dienes et al, 2016).

Small and medium enterprises are one of the keys to increasing the economic growth of the community to achieve a more decent life. In the national economy, SMEs play a role in creating jobs, reducing poverty and encouraging economic growth (Pratiwi, 2016). Despite playing an important role in economic growth, small, medium and micro enterprises face challenges and obstacles, including capital. Many factors make it difficult for SMEs to obtain credit from formal institutions, including the lack of adequate collateral and an undesirable business profile by banks. Borrowing money becomes the choice of MSMEs because it does not require collateral and the loan process is relatively easy and fast.

**Table 2. Micro Waqf Bank Performance**

NO	NAME	FINANCING	CUSTOMER	INCOME INCREASE
1	BMW Alpana	4 Billion	400	10%
2	BMW Amanah Berkah Nusantara	4,6 Billion	600	35 %
3	BMW Alfadlu	4 Billion	500	40 %
4	BMW Apik	4,25 Billion	1000	30%

From the results of the study, it shows that the 4 BWMs that are used as objects of research as the table above have different financing and the number of customers. The difference is because the process of grants received by BWM is different and each BWM has different ability in finding



sources of raising funds from corporate CSR or other similar sources. For the number of customers who become borrowers, of course, it is very closely related to the fast process whether or not the funds provided by the customers are paid. The longer the process, the fewer number of customers who can use the fund, especially if there are customers with bad credit.

Customers who borrow from BWMs in the process of using their loans for their business development needs have different processes. Some are given loans used to develop their businesses and the results are as expected, that there is an increase in their business with a visible increase in company profits. The increase in business from each BWM varies from 10% -40%. *Alfadlu* BWM in Kendal achieved the highest increase as a result of a good management process with the visible roadmap being implemented from the curriculum process in studies/education in three fields, namely religion, family and entrepreneurship. A person needs three basic things that must be mastered in order to be happy in this world and the hereafter, namely through obedience to God's commands so that assistance is needed in the field of religion, the second is that managing a family is not easy so assistance and education are needed in family management, and the third is in the field of income generation through self-employment. Capital is not the main factor but the important thing is how to build one's logic, courage, innovation, and knowledge in the field of entrepreneurship, as well as assistance to customers. Through micro waqf program, it is expected that customers will become entrepreneurs who are successful in their business and their families are harmonious and religiously obedient (Ahmed, 2011).

In developing their business, BWM customers face many problems such as their production is not accepted by consumers, decreased productivity, and others. Assistance from BWM will greatly help solve these problems so that the customers business will be able to rise and the profit indicators of their business increase. The increase in profits from the large number of BWM customers in Indonesia will directly affect Indonesia's economic growth. Data from the OJK states that there are 49,100 customers from all BWMs so that when these customers grow their business, it will also increase

Indonesia's economic growth. During the COVID-19 pandemic, it was quite influential on the development of MSMEs managed by BWM customers. Based on the data obtained from research results, there was an increase in MSMEs business.

The Trinity consists of the government, businessmen (companies), and the community. These three elements play the most important role in revitalizing and stimulating the regional economy, which in turn increases the purchasing power of the people (cities) due to a decrease in the amount of unemployment. The application of the concept of social responsibility from community enterprises is increasingly important. The facts prove that this is not only an activity to drive expenses, but also to increase income, while enabling people to accept the existence of a business (Fatmawati & Natsir, 2018).

Poverty and unemployment are fundamental problems in developing countries, including Indonesia. The results of a survey published by the Central Statistics Agency (BPS) in March 2010 showed that the poor population in Indonesia is 32.53 million people or 14.15 of the total population of Indonesia. This is not much different from the survey results in 2009. Meanwhile, the open unemployment rate in February 2010 reached 8.59 million or 7.41 of the total population of Indonesia. This is a national problem, and the government is expected to immediately reduce poverty and unemployment. The private sector is also expected to help the government reduce poverty and unemployment in the country. According to the law, the government takes the initiative to encourage the role of the private sector. It is stated in Decree No. 40 of 2007 concerning Limited Liability Companies and Decree No. 25 of 2007 concerning Investment requires companies, especially companies that utilize natural resources, to issue corporate social responsibility funds. CSR is the company's obligation to take social and ecological responsibility for the impact of the company's operations in an area. In the past, the company only focused on profit, but in the future, the company must also focus on the community (people) and the environment (earth). The combination of these three is called the 3P or triangle P. One of

the implementations of the CSR concept is to have a community development plan, socio-economic status and a better life compared to previous development activities (Abubakar, 2016).

The implementation of CSR has two big advantages for the company. Internally, CSR implementation can reduce production costs, increase profits, increase consumer trust and loyalty, and reduce risk. From an external perspective, the implementation of corporate social responsibility will build reputation, public trust and social capital. The application of the concept of good corporate social responsibility makes the surrounding community feel that the company is not only pursuing profit, but also cares about strengthening the surrounding community and the environment. Community Development Program activities, such as partnership programs, SME group development and low interest loans, farmer group development, entrepreneurship training, vocational training, scholarships, etc. are aimed at helping communities to achieve better economic development. These community development activities can create jobs and increase public interest. It should be noted that the form and mode of activity of community development plans may vary from region to region. It depends on people's lifestyles, local wisdom and community culture. Currently, the mode of community development plans prepared has changed from top-down (a plan made directly by the company) to bottom-up mode (a plan proposed by the community and mediated by the company's CSR leadership). This model is very useful because the plan is built based on the needs of the community, and the community considers that they are the owner of the plan. This is very important, so that the amount of funds collected by the community can be used as good as possible. Today, many companies are not socially responsible. Most of them are only charity or assistance, and the impact is temporary because the funds used have not been adjusted to the needs of the community and economic development (Abubakar, 2016).

There are 8 *asnaf* recipients of zakat, namely: indigent, poor, *amil*, converts, slaves, *gharim*, *ibn sabil*, *fisabilillah*. Of the eight groups, in general, the target group for BWM to transform is the indigent and poor, while the

other groups also accept assistance but are not the target category for change. The constraints faced by BWM are very complex because, in general, their customers are economically weak and lack of education and competence. Consequently, when they are asked to become successful entrepreneurs, it takes a long stage and a fairly difficult process. Prerequisites to become a successful entrepreneur are creative, have high tenacity/resistant/tough and have sufficient ability in the field of management. To have these characteristics, a *mustahik* cannot have an instant process so that a systematic structured process must be applied by Baznas if it plans to realize the *mustahik* roadmap to become *muzaki*. It will only stay as a slogan if the process is not taken seriously as it is now (Sudrajat, 2013).

BWM customers are benefited from the provision of financing. However, a common problem faced by these entities is limited capital because BWM is not allowed to accept deposits from the public but only allowed to receive *waqf* and grants from the community or certain institutions so that the capital increase is limited. This problem will be easily resolved when there is synergy with the company. CSR provided by the company will be more effective through BWM because generally CSR is given directly to the poor without any intensive and measurable assistance so that the expected output, that is reducing poverty, is less optimal (Goleman et al., 2019).

This study includes the variables of BWM. BWMs are not only limited to the welfare of the community because the indicators in BWM are religion, family and entrepreneurship. The BWM designs how the community will obtain true happiness, that is with obedience to God through religious assistance, namely the obligation to customers to take part in structured religious studies. Secondly, having a harmonious family through educational assistance in the field of family management because it is undeniable that the problem in a household will definitely appear so that when it is not regulated properly then surely harmony will not be achieved. The last one is in the financial sector. The motto of 'money is not everything but everything requires money' does exist, so there is assistance in entrepreneurship, that is



assisting businesses that customers manage both in the field of production, marketing, and finance (Kayed, 2012a).

BWMs require customers to take part in three forms of assistance in the fields of religion, family and entrepreneurship. Customers will be penalized if they don't comply with these rules, that is no longer given loan service. The three assistances have a noble function to form a happy society both in the world and hereafter (Kayed, 2012b).

Many conditions must be met to become an entrepreneur, namely: expertise, talent, creative, innovative, competition, and risk-taking. There are many conditions that must be owned by a person in order to be successful in his business. BWM is ideally able to make the group of customers who will make a change meet these requirements. God has made destiny for every human being, but God has also made a stipulation that when people want to become something, they should have the characteristics required, then they will be able to reach it. If people want to be entrepreneurs, they have to make an effort to have the characteristics and competences, after that fate will decide. The same thing applies to BWMs. When they want to transform their customer group, they must be able to change and the characteristics of entrepreneurs are owned by the group, after that fate will decide.

CSR in the social sector if managed properly through structured and measurable economic empowerment will be able to improve the welfare of the community so that the growth of the nation's MSMEs will also increase (Rama, 2013). The very noble goal of a BWM is to form a happy society both in the world and the hereafter will be faster in its development when there is support from many parties. One of the obstacles faced is the limited capital owned by the entity. Companies that have annual activities community empowerment through CSR programs are encouraged to collaborate with BWM. This synergy will accelerate the process of achieving the vision so that Indonesia's economic growth will quickly rise and play a role in economic resilience during the pandemic and post-pandemic recovery (Budi et al., 2019).



The development of BWM management in Central Java has improved continuously from year to year as indicated below: 1) The number of beneficiaries increases, 2) Programs grow and innovate, 3) Customers who are growing their business, 4) Poverty is reduced, 5) The income of customers from their business increases, 6) The country's economy is improving.

However, apart from the positive side, there are also negative sides or shortcomings in the management of Baznas in Central Java, for example: 1) Empowerment program to transform customers into entrepreneurs has a small percentage of success, 2) Lack of resources from BWM, 3) Lack of coordination with other institutions in order to optimize programs from BWM.

BWM aims to reduce poverty through economic empowerment of the congregation of the Islamic boarding school where the institution was founded. Changing from poor people to entrepreneurs requires hard work from BWMs because, in general, the poor have several shortcomings; first, they are limited in terms of finance so that opening a new business or developing it is difficult; second, managerial abilities (marketing management, production management, business management, financial management, and human resource management) so that they find it difficult to innovate and develop their creativity; third, they do not have a strong mentality, namely having tenacity and tough so that when their business fails or goes down, they have difficulty to rise again. From the results of research, 50% of their business customers increase.

The existence of MSMEs is largely determined by the community, because the relationship between the two influences each other. Thus, a good social contract is needed so that there is a balance. The agreement can protect the interests of MSMEs. Legitimacy theory states that legitimacy is an important factor for MSMEs in order to develop MSMEs in the future. Matters related to business ethics, attention and development of employee performance, impact on the environment and corporate social responsibility also contribute to increasing legitimacy. Thus, MSMEs' concern for the environment, which is

then shown through environmental disclosure, is expected to increase legitimacy and have a good impact on MSMEs in the long term. Despite the COVID-19 pandemic, the development of MSME customers from BWM continued to increase. This was in line with the legitimacy theory that there was good coordination between customers, BWMs, and companies.

## Conclusion

CSR has an effect on company growth. From 4 BWMs studied in Central Java, financing received by customers is used for their business and there is a positive development, that is the increase ranges from 10-50%. It varies among customers due to various factors that affect it. For example, the different basic ability or competence of the customers affects the results. In general, the funds used by BWMs for financing are from corporate CSR and from government grants.

BWMs can affect the economic improvement of community members, especially customers from the institution. From the results of research, the customers' business increases from 10-40% so that it directly affects the economy of the customers. It also indirectly affects the community's economy because each of these businesses has customers and suppliers. Both groups experience an increase in their economic growth. They also have families that interact with economic activities such as consumption so that the economic growth of BWM customers will affect the community's economy in the macro scope.

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