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Correlation of the Effect of Mentoring on the Profits of UMKM Fostered by Corporate Social Responsibility (CSR) Pertamina Sumbagsel

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ABSTRACT: The purpose of this study is to look into the relationship between increased profitability and a mentoring program among Micro, Small, and Medium-Sized Enterprises (MSMEs) taking part in Pertamina Sumbagsel's Corporate Social Responsibility (CSR) program. This research is motivated by the important role of MSMEs in the Indonesian economy and the potential of CSR initiatives to improve their performance. Through a survey of 170 MSMEs in South Sumatra, this research analyzes the impact of various aspects of mentoring, including training frequency, financial assistance, and duration of mentoring, on MSME profitability. Adopting a quantitative strategy, This research undertakes a regression analysis to statistically determine the extent to which mentoring influences profits. The conclusions drawn from this study reveal a favorable and statistically significant relationship between participating MSMEs' increased profitability and the level of mentorship. This shows that the mentoring program carried out by Pertamina Sumbagsel is effective in contributing to business financial growth. Additionally, this research identifies specific mentoring components that have the greatest impact on profitability, providing valuable insights for targeted program improvements.

KEYWORDS: Financing, Mentoring, Profitability, Profit, Mentoring Program, and MSME Business

I. INTRODUCTION

MSMEs in Indonesia are the sector that absorbs the most labor and contributes to Gross Domestic Product (GDP). MSMEs also play an important role in income equality and poverty reduction. (Novitasari, 2022). The development of MSMEs not only contributes to macroeconomic growth, but also becomes a driver of economic growth at the regional level. MSMEs often become the driving force of the economy in areas that are the main source of employment in Indonesia, especially in rural areas. By creating jobs, MSMEs also help reduce unemployment. (Susila, 2017). CSR is the dedication of a business to support sustainable development. (Marnelly, 2012). Pertamina as a state-owned company that has a strategic role in the Indonesian economy has implemented various CSR programs, one of which is the development of MSMEs. The development of MSMEs carried out by PT. Pertamina Sumbagsel can cover various aspects, such as training, funding, market access, and product development. The goal is to increase the capacity and competitiveness of MSMEs. (Nisa, 2020). The CSR (Corporate Social Responsibility) initiative run by PT. Pertamina has made a substantial contribution to the development of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Through various initiatives, such as training, financing, and market access, Pertamina has successfully enhanced the capacity and competitiveness of MSMEs (Nisa, 2020), aligning with Pertamina's commitment to sustainable development and community empowerment.

While numerous studies have examined the societal effect of corporate social responsibility endeavors, a knowledge gap persists regarding the effectiveness of CSR programs in enhancing the profitability of Micro, Small, and Medium Enterprises (MSMEs). The majority of existing studies tend to prioritize the social and environmental dimensions of CSR programs, such as improving community quality of life or environmental conservation. Research specifically quantifying the financial impact of CSR programs, particularly on MSME profitability, remains relatively scarce. Given these factors, further research is warranted, especially regarding PT. Pertamina, a company with a significant CSR program impacting numerous MSMEs across Indonesia. By comprehending the effectiveness of Pertamina's CSR program in enhancing MSME profitability, it is hoped that this research will facilitate the development of more impactful CSR policies that directly contribute to improved community welfare.

II. LITERATURE REVIEW

Research into the influence of corporate social responsibility (CSR) programs on how well micro, small, and medium-sized businesses (MSMEs) are performing has gained significant traction in recent years. A plethora of studies have indicated that CSR programs, especially those designed to foster MSMEs, can substantially contribute to MSME growth and development (Nurhidayah, 2022). PT. Pertamina, a State-Owned Enterprise (BUMN) with a strategic role in the Indonesian economy, is one such organization actively implementing CSR programs aimed at empowering MSMEs, including in the South Sumatra (Sumbagsel) region. (Oktina, 2018) In his research, he found that MSME development programs carried out by large companies such as PERTAMINA can increase MSME access to resources, technology, and markets. This is in line with the findings (Octavina, 2021) which shows that comprehensive development of MSMEs, covering technical, management and marketing aspects, is able to improve the financial performance of MSMEs. However, there are still some gaps in the existing research. Most of the research that has been conducted tends to focus more on the social aspects of CSR programs, such as improving community welfare or environmental preservation. Research that specifically measures the financial impact of CSR programs on MSME Profits, especially in the context of MSMEs fostered by PT. Pertamina Sumbagsel, is still relatively limited. This study aims to fill the gap by testing the hypothesis that the CSR development program of PT. Pertamina Sumbagsel positively affects the growth of MSMEs' profits that are supported. Therefore, this study is expected to provide a substantial empirical contribution to the advancement of more effective CSR programs, ultimately leading to improved community welfare.

III. DATA AND METHODS

A sample of 170 UMKM, nurtured by the Corporate Social Responsibility (CSR) program of PT. Pertamina Sumbagsel, was utilized for this study. Purposive sampling was employed to select the sample. The sampling technique where the researcher determines the sample by determining certain characteristics according to the research objectives, namely the entire population of UMKM that have participated in the CSR development program of PT. Pertamina Sumbagsel (Rahmadi, 2016). The inclusion criteria in this study are MSMEs that have participated in a coaching program for at least 1 month and have complete financial data. MSME is the dependent variable in this research. Profit measured based on Net Profit after Tax last year. The main independent variable is the intensity of coaching provided by PT. Pertamina Sumbagsel which is measured based on the frequency of coaching, the amount of capital assistance, and the length of mentoring. (Wulandari, 2019).

The data in this study were obtained through two methods:

1. Survey: a survey was conducted on 170 fostered MSMEs using a designed questionnaire. The questionnaire contains questions related to the MSME profile, the coaching program followed, and financial performance (Apriliani, 2024).
2. Secondary Data: Secondary data was obtained from MSME financial reports, PT. Pertamina Sumbagsel administrative data, and other relevant data sources.

Data analysis in this study was carried out through several stages:

1. Descriptive Statistics: Conducted to describe the characteristics of the sample, such as frequency distribution, mean, and their respective standard deviations.
2. Classical Regression Assumption Tests: To ensure the validity of the regression analysis, tests were conducted to verify the classical assumptions of linearity, normality, homoscedasticity, and the absence of multicollinearity.
3. Analyzing the link between independent and dependent variables using multiple linear regression (intensity of coaching, size of MSMEs, business sector, business age, and access to other resources) on the dependent variable (MSME profit). (Irrawati, 2024). The following regression model was specified:

$$Y = \beta 0 + \beta\ 1X + \beta\ 2Z + e$$

Description:

Y = constant variable

β0 = constant

b1-4 = regression coefficient

X = Financing

Z = Development

e = error or 5% error

Interpreting the Results

The regression analysis will be used to determine whether the independent variables have a statistically significant effect on the dependent variable. Statistically significant regression coefficients will indicate a meaningful relationship between the independent variables and MSME Profit.

IV. RESULTS AND DISCUSSION OF THE IMPACT OF PROFIT ON COACHING

The income of fostered MSMEs can be gauged by their revenue generation. These MSMEs are influential in securing Islamic bank financing, which can subsequently boost their income. Additionally, MSMEs are essential components of the business landscape, contributing significantly to job creation in Indonesia (BPS, 2020).

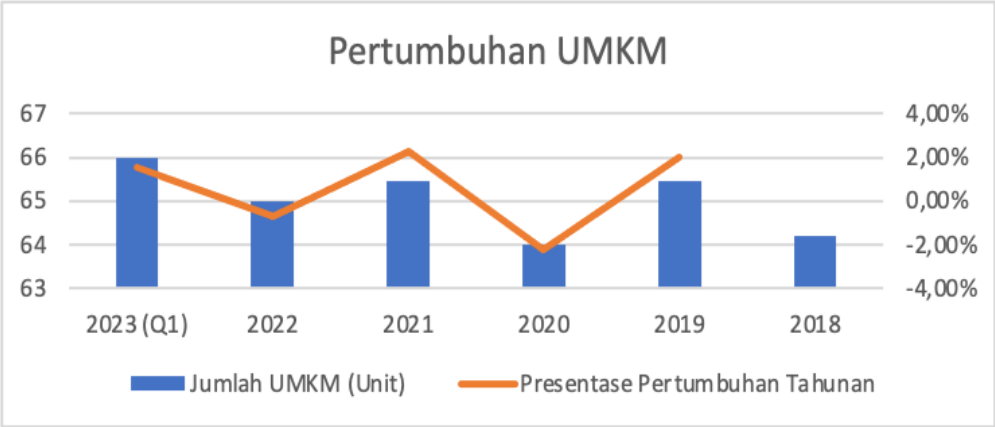

Figure 1 Development of MSME Growth

Source: Ministry of Cooperatives and SMEs

CSR-assisted MSMEs in Sumbagsel produce various products, ranging from handicrafts, processed foods, to other products. The CSR program can help MSMEs increase income through improving product quality, market development, access to capital, and strengthening management. (Sedyastuti, 2018)

From the Type of Business Sector.

No	Sector type	Amount
1	Industrial Sector	2
2	Culinary Industry Sector	8
3	Craft Industry Sector	4
4	Service Sector	2
5	Trade Sector	48
6	Fisheries Sector	78
7	Agriculture Sector	6
8	Livestock Sector	22
	Total	170

Figure 2 Types of Respondent Sectors of Pertamina Sumbagsel CSR MSMEs

Source: Research Results Processing, 2023-2024

Validity Test

With an r-table value of 170, the degrees of freedom (df) are computed as df = n-2 = 170-2 = 168. For a 5% significance level, the critical r-value is 0.1515, as indicated by the SPSS output. The correlation is deemed statistically significant If the calculated r-value exceeds the critical r-value.

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Table 1 Validity Test

Item Pertanyaan	Rhitung	RTable	Keterangan
X.1	.802	0,1515	Valid
X.2	.696	0,1515	Valid
X.3	.766	0,1515	Valid
X.4	.814	0,1515	Valid
X.5	.802	0,1515	Valid
Z.1	.655	0,1515	Valid
Z.2	.712	0,1515	Valid
Z.3	.735	0,1515	Valid
Z.4	.743	0,1515	Valid
Z.5	.645	0,1515	Valid

***Source**: SPSS, 2024*

As shown in Table 1, the correlation coefficient (R) for each item relative to the total score is greater than the critical R-value. This indicates that all items measuring the research variables are valid.

Reliability Test

A higher reliability coefficient, approaching 1.0, is indicative of better instrument reliability. Typically, a reliability coefficient below 0.6 is deemed poor, between 0.6 and 0.7 is considered acceptable, and above 0.8 is excellent. The following table displays the Cronbach's alpha values for each instrument.

Table 2 Reliability Test

Variabel	*cronbach's alpha*	Keterangan
Pembinaan	0.736	Reliabel
Laba	0.835	Reliabel

***Source:** SPSS, 2024*

According to the reliability test results, all variables demonstrate acceptable levels of reliability, with Cronbach's alpha coefficients exceeding 0.60. This suggests All items in the questionnaire exhibit reliability, Operationalizations of the theoretical constructs

Table 2 Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		170
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.80022350
Most Extreme Differences	Absolute	.068
	Positive	.067
	Negative	-.068
Test Statistic		.068
Asymp. Sig. (2-tailed)		.052[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

As indicated by The Asymp. Sig. value of 0.052 is more than the significance level of 0.05, according to the results of the normality test. Therefore, this investigation does not violate the presumption of normalcy.

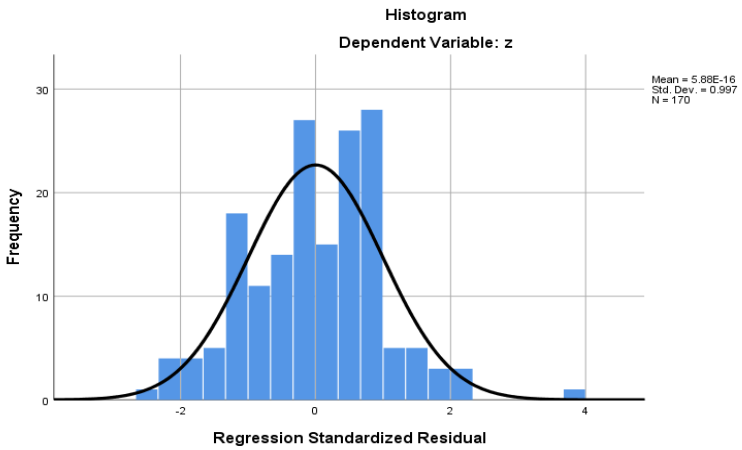

Figure 3 Normality Test Histogram

Normality test results based on the histogram above show that the histogram graph is shaped like a bell with a peak in the middle and does not lean either to the left or the right. This suggests a properly distributed residual data set.

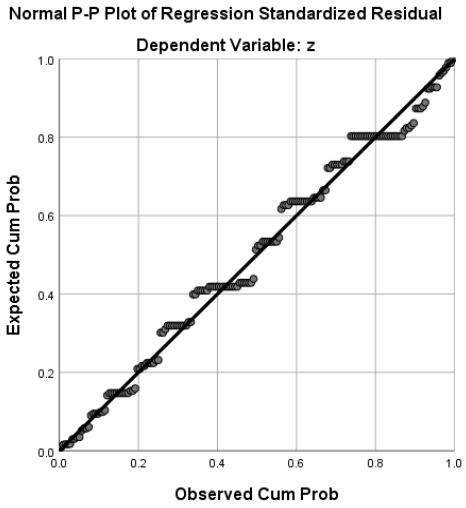

Figure 4 Normalitas test *Probability Plot*

The probability plot and histogram presented in Figure 4.7 demonstrate that the data points follow a linear trend along the diagonal line, indicating that the data points are distributed in a manner consistent with a normal distribution.

Table 3 Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.296	.621		5.311	.000
	x	-.088	.029	-.228	-1.835	.063

a. Dependent Variable: Abs_Res

Heteroscedasticity test results, presented above, indicate constant residual variance across different levels of the independent variables. This confirms the homoscedasticity assumption, crucial for regression model validity.

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Table 4 Multicollinearity Test

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	10.389	1.053		9.864	.000		
	x	.523	.049	.634	10.636	.000	1.000	1.000
a. Dependent Variable: z								

Multicollinearity test the findings, shown in Table 4, show that all independent variables' VIF (Variance Inflation Factor) values fall significantly short of the generally recognized cutoff point of 10. This shows that there is little multicollinearity between the independent variables, which guarantees the validity and dependability of the regression model. The model can precisely estimate the effect of each independent variable on the dependent variable by addressing the problem of multicollinearity., leading to more reliable and interpretable results.

Table 5 Simple Regression Analysis

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	10.389	1.053		9.864	.000
	x	.523	.049	.634	10.636	.000
a. Dependent Variable: z						

The results of the equation in Table 4.10

$Z = \alpha + b1X + e$

$Z = 10.389 + 0.523\ X + e$

Description:

Z = Coaching

α = Constant

X = Profit

e = Error term

Based on the regression equation, the following interpretations can be made:

1. The intercept term of 10.389 suggests that when the independent variable, Profit, is zero, the expected value of the dependent variable, Coaching, is 10.389%.
2. Each one-unit increase in Profit is linked to a 0.523% increase in Coaching, holding all other variables constant.

F Test (F-Test) Simultaneous Test

An F-test was used to determine whether the regression model as a whole, and the independent variables collectively, are statistically significant in elucidating the dependent variable's variance.

Table 5 Uji Simultan

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	368.798	1	368.798	113.125	.000[b]
	Residual	547.696	168	3.260		
	Total	916.494	169			
a. Dependent Variable: z						
b. Predictors: (Constant), x						

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The F-test results, presented in Table 5, demonstrate how significant the regression model is statistically at the 0.05 level. The p-value of 0.000 indicates a strong relationship between the independent and dependent variables, suggesting that the model can accurately predict changes in the dependent variable in response to modifications in the independent factors.

Table 6 Coefficient of Determination Test (R2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.634[a]	.402	.399	1.80557
a. Predictors: (Constant), X				

According to Table, the R-squared value 6 measures the proportion of the total variance in the dependent variable that can be attributed to the linear influence of one or both of the independent variables. In this case, 40.2% of the variation in Z can be attributed to X, while the remaining 59.8% is explained by factors outside the scope of this model.

Hypothesis Testing Results with t-Test

To test the hypothesis at a 5% significance level with a sample size of 170, To determine if the mean difference was statistically significant, a t-test was used. In order to decide whether to accept the null hypothesis, the crucial t-value, which was calculated using the t-distribution with 168 degrees of freedom, is 1.9742. This is the decision rule:

1. If t_calculated, the computed t-value, is less than 1.9742, the data does not provide sufficient evidence to support the alternative hypothesis (Ha); therefore, the null hypothesis (H0) is retained.
2. The null hypothesis is rejected and the alternative hypothesis is accepted if the estimated t-value's absolute value exceeds the critical t-value of 1.9742..

The significance test results in Table 6 support the following conclusions:

According to the t-test results, there is a substantial positive correlation between Coaching (Z) and Profit (X). Compared to the required t-value of 1.9742 ($p < 0.05$), the computed t-value of 10.636 is significantly bigger. This evidence supports the rejection of the null hypothesis and the acceptance of the alternative hypothesis.

V. CONCLUSIONS

Based on the analysis, Coaching significantly influences MSME Profit. A significant positive correlation between Coaching and Profit indicates that higher Coaching levels lead to increased MSME profitability, particularly for those supported by PT. Pertamina Sumbagsel's CSR program.These findings highlight the importance of effective coaching in enhancing the financial performance of MSMEs and underscore the positive impact of PT. Pertamina Sumbagsel's CSR initiatives.

Of course, The outcomes of this study have significant business ramifications. For example, the company can use these results to:

a. Make policies, Develop more effective policies to improve coaching and profit.
b. Resource allocation, Allocate resources efficiently for coaching activities.
c. Program evaluation, Evaluate the effectiveness of the coaching program that has been carried out.

As shown in Table 6, the significance test findings show a substantial positive correlation between coaching and profit.

Significantly above the threshold t-value of 1.9742 ($p < 0.05$) is the computed t-value of 10.636, suggesting increased Profit is associated with significantly increased Coaching levels. This finding provides strong empirical evidence to support the hypothesis that Profit is a significant determinant of Coaching levels.

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