

# The Role of Hospital Administration in Supporting MSMEs Through Corporate Social Responsibility (CSR) Health Programs

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**Abstract:** This study aims to examine the role of hospital administration in supporting the development of MSMEs through the implementation of CSR programs in the healthcare sector. Using a quantitative approach, this study involved 10 hospitals and 50 partner MSMEs in North Sumatra. The results showed that the higher the intensity of CSR support provided by hospitals, the higher the increase in turnover and satisfaction of MSME partners. A well-structured CSR program can encourage the sustainability of MSME businesses while strengthening the hospital's positive image in the community. More than just social responsibility, CSR in this context serves as a collaborative bridge between healthcare institutions and small business owners. Hospital administration plays a crucial role in designing, managing, and evaluating the program's success, so that CSR implementation becomes not only a routine obligation but also a sustainable local economic empowerment strategy. Through the data and analysis conducted, this study demonstrates that a systematic and measurable approach from hospitals can produce tangible social and economic impacts for MSME partners. Thus, the role of hospital administration is not only functioning behind the scenes of medical services, but also as a social driver that contributes to the economic growth of the surrounding community through real and sustainable MSME empowerment.

**Keywords:** Hospital Administration, MSMEs, Corporate Social Responsibility (CSR), MSME Partner Satisfaction, Health CSR Management

Received: June, 11 ,2025

Revised: June, 24 ,2025

Accepted: July, 21 ,2025

Published: July, 31 ,2025



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## INTRODUCTION

In recent years, the concept of Corporate Social Responsibility (CSR) has become a crucial part of organizational strategies, including healthcare institutions like hospitals. CSR is not only implemented through traditional social activities but also aimed at supporting inclusive and sustainable economic development, one of which is through the empowerment of Micro, Small, and Medium Enterprises (MSMEs).

As institutions that directly impact public health and well-being, hospitals have a significant opportunity to actively participate in the development of MSMEs, particularly those operating in sectors intersecting with healthcare services. Examples include healthy food catering businesses, herbal ingredient production, and the provision of simple medical devices. Through CSR programs, hospitals can provide training, mentoring, and financial assistance to MSMEs to enable them to thrive and indirectly support the healthcare ecosystem.

However, in practice, there is little research that thoroughly examines the role of hospital administration in designing, managing, and evaluating CSR programs aimed at MSMEs. Most studies still focus on medical aspects or patient care, while social and economic aspects are often marginalized. Yet, hospital administration holds a strategic position in integrating CSR planning into the institution's operations on a sustainable basis.

Based on this background, this study seeks to answer the main question: to what extent can hospital administration contribute to improving MSME performance through

CSR programs? By answering this question, it is hoped that the research results can contribute to the development of a more impactful and measurable hospital CSR model in supporting the growth of local MSMEs.

## LITERATURE REVIEW

Various previous studies have shown that Corporate Social Responsibility (CSR) has a positive impact on the growth of Micro, Small, and Medium Enterprises (MSMEs) . This means that when companies, including hospitals, implement CSR programs, the MSMEs targeted by these programs can experience improvements in various aspects.

For example:

- **Sales of MSME products can increase** due to promotional support or distribution collaboration through CSR programs.
- **Product quality can also improve** , because CSR often includes skills training, technological assistance, or improved production standards.
- **The MSME market can expand** , because CSR programs can help open access to larger markets, for example through exhibitions, e-commerce, or the network of relationships owned by large companies.

According to **Kotler and Lee (2005)** , CSR is a company's commitment to improving community well-being through good business practices and the contribution of company resources. When CSR is directed at empowering MSMEs, it can be a concrete means of driving local economic growth.

In the **healthcare sector** , CSR also plays a crucial role. When hospitals implement CSR initiatives, such as health education programs, free checkups, or drug donation programs, they can **raise public awareness of the importance of quality healthcare** . This increases public awareness of healthy lifestyles, immunizations, and routine checkups.

**According to Carroll (1991)** , CSR encompasses four primary responsibilities: economic, legal, ethical, and philanthropic. In the hospital context, philanthropic and ethical responsibilities are evident in health CSR programs that target the wider community, including MSMEs who may not have previously had access to adequate health services.

This is where **the role of hospital administration** becomes crucial. They are responsible for:

1. **Developing a CSR program** : designing activities that are on target and relevant to the needs of the community or MSMEs.
2. **Managing the budget** : ensuring that CSR funds are used efficiently and transparently.
3. **Carrying out CSR activities** : starting from socialization, collaboration with local stakeholders, to execution in the field.
4. **Conduct monitoring and evaluation** : measure the impact of CSR activities on the community and MSMEs, and make improvements if necessary.

According to **Gray, Owen, and Adams (1996)** , CSR reporting and management should be part of an organization's accountability system. This means that hospitals should not simply implement CSR as a formality but should also be held accountable for the real and measurable impact of these activities.

## RESEARCH METHODS

This study was conducted to determine the extent to which **hospital CSR programs influence the growth of MSMEs** , particularly in terms of increased turnover and customer satisfaction. To obtain objective and measurable answers, this study used **a quantitative approach** .

### What is a quantitative approach?

A quantitative approach means research is conducted by **collecting numerical data or values that can be calculated and analyzed statistically** . This approach is suitable for understanding relationships between variables or finding patterns based on real data.

### Survey Method

The data collection technique is carried out by means of **a survey** , namely distributing **questionnaires** to:

- **The hospital administration** manages the CSR program, and
- **MSME owners** who receive benefits from the program.

In addition, **short interviews were also conducted** to gather information that might not be fully revealed through the questionnaire.

### Research Variables

In this study, there are two types of variables:

1. **Independent variables** : factors that are considered to influence the results (X)
2. **Dependent variable** : the result that is influenced (Y)

Here are the details of the variables:

#### Independent Variable (X)

- **X1: Amount of CSR Funds**  
→ Measure how much funds the hospital allocates for CSR activities (in millions of rupiah).
- **X2: Training Frequency**  
→ How often is training provided to MSMEs, calculated per semester (6 months).
- **X3: Mentoring Hours**  
→ The number of hours of direct mentoring or guidance provided by the hospital to MSMEs each month.

#### Dependent Variable (Y)

- **Y1: Percentage Increase in MSME Turnover**  
→ How much did MSMEs' income increase after participating in the CSR program?
- **Y2: MSME Satisfaction Level**  
→ Assessed on a scale of 1 to 5, which shows the satisfaction of MSME actors with the CSR program provided.

### Analysis Technique: Multiple Linear Regression

To find out the relationship between all these variables, a statistical technique called **multiple linear regression is used**.

What's that?

Multiple linear regression is used to:

- **Knowing how much influence each variable X (funds, training, mentoring)** has on Y (turnover and satisfaction),
- See whether the relationship **is statistically significant or not**.

In other words, this analysis will help answer questions such as:

- Does increasing CSR funds have an impact on increasing turnover?
- Does more frequent training make MSMEs more satisfied?
- Do mentoring hours have a big influence on MSME results?

### Why was this method chosen?

According to **Sugiyono (2019)**, a quantitative approach is well-suited for research that aims to explain the cause-and-effect relationships between specific variables. Meanwhile, according to **Arikunto (2010)**, the survey method is effective when researchers want to obtain extensive and rapid data from a large population.

### RESEARCH RESULT

This study aims to determine **the extent to which hospital CSR programs influence the growth of MSMEs**, especially in terms of **increasing turnover and beneficiary satisfaction**.

Based on the results of a survey and interviews with **20 hospitals** that have CSR programs and **50 CSR partner MSMEs**, the following are the processed data results:

**Table 1. Average of Research Variables**

Variables	Average value	Unit
Amount of CSR Funds	Rp. 120,000,000	Rupiah
Training Frequency per Semester	4.5	Times/Semester
Mentoring Hours	20	Hours/Month

Increase in MSME Turnover	25%	Percentage
MSME Satisfaction Index	4.1 out of 5	Likert Scale (1–5)

**Table 2. Multiple Linear Regression Results (Coefficient Summary)**

Independent Variable (X)	Regression Coefficient ( $\beta$ )	Interpretation
X1: CSR Funds (per Rp. 10 million)	0.010	Every additional IDR 10 million $\rightarrow$ turnover increases by 1%
X2: Number of Trainings	0.050	Every 1 training $\rightarrow$ turnover increases by 5%
X3: Mentoring Hours	0.020	Every additional 1 hour $\rightarrow$ turnover increases by 2%

**Note**

All regression coefficients are **positive and significant** at the 95% confidence level (p-value < 0.05), which means the relationship between these variables **is strong and not coincidental**.

**Data source**

The data in this study were obtained from:

- **The questionnaire** was distributed to **50 MSMEs** who were partners in the CSR program from 20 hospitals.
- **Semi-structured interviews** with representatives of the CSR administration department at the hospital, to find out about CSR funds, training schedules, and mentoring activities.
- Additional data validation was carried out using CSR annual report documents from hospitals, as well as documentation of MSME training/mentoring activities.

From all the data and processing, the following results were obtained:

1. **The larger the CSR funds**, the greater the potential for increasing MSME turnover.
2. **Training is very effective** because it has the greatest influence on turnover growth (5% per training).
3. **Regular mentoring**, even for a small number of hours, still has a positive impact.
4. **MSME satisfaction is relatively high** (4.1 out of 5), meaning that the CSR program is considered useful and relevant.

**Case Simulation**

If a hospital provides CSR funds of IDR 150 million, holds 6 trainings per semester, and provides 25 hours of mentoring per month, then the potential increase in turnover of partner MSMEs is:

$$= 5 + (0.10 \times 150) + (0.05 \times 6) + (0.02 \times 25) \\ = 5 + 15 + 0.3 + 0.5 = 20.8\%$$

**DISCUSSION****1. The Strategic Role of Hospital Administration in CSR Programs**

The results of this study clearly indicate that **hospital administration plays a crucial role in the success of Corporate Social Responsibility (CSR) programs**, particularly those targeting Micro, Small, and Medium Enterprises (MSMEs). Without proper administrative management, CSR programs tend to be ceremonial or unsustainable. This finding aligns with **Gray et al.'s (1996)** assertion that CSR requires an accountable management and reporting system so that its impact can be clearly measured.

Professional hospital administration will be able to:

- **Developing CSR programs based on the real needs of the community and MSMEs**, not just fulfilling company obligations.
- **Allocate funds efficiently and transparently**, so that there is no budget waste.
- **Establish strategic partnerships**, such as with cooperatives, MSMEs, and local communities.
- **Conduct monitoring and evaluation**, so that the program can be improved and enhanced from time to time.

According to **Kotler and Lee (2005)** , the success of CSR depends heavily on the extent to which an organization is able to align social programs with its business strategy and internal operational systems. In the hospital context, this role is held by the administrative division, particularly the finance department and the public relations or external partnerships department.

## 2. Involvement of MSMEs in the CSR Process

Research also shows that **the impact of CSR programs will be much greater if MSMEs are actively involved** , from the planning stage to the evaluation stage. This means that hospitals act not only as providers of assistance but also as **facilitators and mentors** .

For example, when planning training, hospitals should conduct a survey first: "What are the current needs of MSMEs? Are they marketing, packaging, or financial management?" By involving MSMEs from the start, training materials will be more targeted and the results more effective.

This aligns with **Freeman's (1984) view** in his stakeholder theory, which states that organizations seeking success must consider the interests of all stakeholders, including CSR program partners such as MSMEs. In this context, MSMEs are not merely objects but subjects that must be active in the decision-making process.

## 3. Benefits of CSR for Hospitals: Not Just Giving, But Also Receiving

Apart from the benefits for MSMEs, the CSR program also has **a positive impact on the hospital itself** , especially in terms of:

- **Improving brand image** in the eyes of the public,
- **Increasing public trust** ,
- **Patient satisfaction and loyalty** , especially in the hospital's service area.

According to **Porter and Kramer (2006)** in their article "*Strategy and Society* ," CSR designed with the right strategy not only has a social impact but also **generates economic value (shared value)** for the company. Hospitals that actively participate in CSR, especially those that directly impact the community, such as MSMEs, will be seen as caring and responsible institutions. This can strengthen the hospital's position in the public eye and increase its competitiveness.

For example, when hospitals consistently support local MSMEs, the surrounding community tends to:

- Recommend the hospital to others,
- Be a loyal patient,
- Even indirectly helping with promotions through social media or their communities.

## 4. Policy Implications and Recommendations

From the results and discussions above, there are several things that can be used as **practical recommendations** for hospitals that want to implement MSME-based CSR programs effectively:

1. **Form a special CSR team** consisting of elements from administration, finance, public relations, and health workers who have a social spirit and community development competencies.
2. **Use data to develop programs** , for example the results of a survey of local MSME needs.
3. **Periodic program evaluation** , both through financial indicators (such as turnover) and non-financial indicators (satisfaction, participation, business sustainability).
4. **Build multi-party partnerships** so that CSR is not only borne by hospitals, but also supported by local governments, academics, NGOs, and local media.

With this approach, **CSR will not only be a cost burden, but a long-term investment** in building good relationships with the community.

The findings of this study reinforce the notion that **hospital administration is not simply an internal matter** , but plays a strategic role in ensuring that CSR truly has an impact. When managed well, CSR can:

- Increase the turnover and capacity of local MSMEs,
- Increase public satisfaction and trust,

- Making hospitals more than just places for treatment, but also agents of social and economic development.

**Elkington (1997)** stated in his *Triple Bottom Line concept* , modern organizations should not only pursue **profit** but also care about **people** and **the planet** . Hospitals, as public service institutions, are well-suited to implement this spirit in their CSR practices.

## CONCLUSION

The results of this study indicate that **hospital administration plays a very strategic role in the success of Corporate Social Responsibility (CSR) programs** , especially those aimed at supporting the growth and sustainability of Micro, Small, and Medium Enterprises (MSMEs). Through good administrative management—which includes program planning, budget management, activity implementation, and impact evaluation—CSR programs can provide real and sustainable results for MSMEs. The findings show that **the amount of CSR funds, the frequency of training, and the intensity of mentoring** provided by hospitals contribute significantly to increasing MSME turnover and satisfaction. All three play a role as the main factors driving positive changes in the business performance of CSR partners. Therefore, **it is recommended that hospitals form a special unit or team to handle CSR programs professionally** , with a primary focus on community economic empowerment, including local MSMEs. This team should involve elements of administration, public relations, finance, and external parties such as MSME facilitators or academics. Furthermore, **regular evaluation is very important** to measure the effectiveness of the program and ensure that the activities carried out truly meet the needs of the fostered partners. With a structured and sustainable approach, hospitals not only carry out their social responsibilities, but also strengthen relationships with the community, improve the institution's image, and make a real contribution to local economic development.

## SUGGESTION

Based on the results of the research and discussion, the author provides several suggestions which are expected to be input for hospitals, the government, and MSMEs so that the CSR program runs more optimally and sustainably:

### 1. Formation of a Special CSR Team in Hospitals

Hospitals are advised to establish **a dedicated unit or structured CSR working team** , with members competent in managing social programs and community economic development. This team should include administrative, financial, and public relations personnel, as well as support staff familiar with the needs of MSMEs.

### 2. Mapping MSME Needs Before Designing a Program

Before designing CSR activities, it is crucial for hospitals to conduct **a participatory mapping of MSME needs** , for example through surveys or focus group discussions. This way, the training and mentoring provided will be more targeted and have a real impact.

### 3. Periodic Monitoring and Evaluation

To ensure that CSR programs are not temporary, **regular monitoring and evaluation are necessary** . This evaluation should focus not only on outputs (the amount of training or funds disbursed), but also on **outcomes** , such as increased turnover, MSME satisfaction, and the sustainability of their businesses.

### 4. Collaboration with External Parties

Hospitals can collaborate with external parties such as **cooperative/MSME agencies, universities, NGOs, and other local businesses** . This collaboration will strengthen networks, expand program coverage, and increase available resources.

### 5. Increased Transparency and Public Reporting

As a form of accountability to the public, it is recommended that hospitals regularly **prepare public reports on CSR activities** . These reports can include program achievements, testimonials from MSME partners, and future development plans.

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