

The Influence of Corporate Social Responsibility Programs To The Image of Corporations

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Abstract

The social responsibility nowadays is the company's response to the environmental and social aspects. It is based on the determination of government regulations in Article 74 of Act Number 40 Year 2007 on Limited Liability Companies. The implementation of Corporate Social Responsibility (the so called CSR) program presently is not only as a social responsibility but also as a core of marketing strategy in growing or maintaining the image of the company. Even the results of research conducted by Roper Search Worldwide explained that as much as about 66% of respondents are ready to change brands to the companies that have a positive social image in the form of CSR program. Therefore, this research has an objective to determine the influence of CSR program against the image of the company. This research uses a quantitative approach which has result in a clear and definite conclusion. The findings concluded that the variables of Corporate Social Responsibility (X3) are significantly takes effect and has the most dominant influence with the result t tcount of 4.701 with the significance t of 0.000. Meanwhile, CSR Goals with tcount of 2.552 with significance t of 0.013 have significant influence. While CSR Issue has no significant influence with tcount of 0.411 with significance t of 0.682.

Keywords: *Corporate Image, Corporate Social Responsibility*

1. INTRODUCTION

In their operational activities corporations are demanded to act ethically, operate legally and have a commitment for contribution in the increase of the economy of the external environment Wibisono, (2007:7). This is because corporations have a complex relation with the people, groups and certain organizations that are a part of corporations' external stakeholders Susanto, (2007:23). Stakeholders in corporations' external environment, directly or not, will not give influence that are related to issues, events and social pressure. So the commitment of corporations in the form of responsible social contributions to an external party becomes important and becomes a form of obligation for corporations. Entering the 2000s, the commitment of corporations in the form of social responsibility for the environment are beginning to be paid attention often (SWA.com, 2005). This is based by the implementation of government regulations in Act No.40 year 2007 about Limited Liability Corporations article 74 mentions that corporations in the form of Limited Liability Corporations that operate in a

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field or related with natural resources have to fulfill the corporations' social responsibility.

This social responsibility will furthermore be mentioned with the term Corporate Social Responsibility. Where one of its purposes is so that in fulfilling their operations, corporations also pay attention to the social and environmental conditions (social oriented). So the activities of corporations are able to run sustainably with the environment and have a good relation with the external stakeholders Susanto, (2007:28). One of the elements in the operation and practice of Corporate Social Responsibility is the emergence of two way communications between corporations and external parties Rahman, (2009:29). So in its development today, the implementation of CSR is not just as a social responsibility. But also as a form of core strategic marketing in developing or maintaining corporations' image Wibisono, (2007:78). This makes corporations start to design Corporate Social Responsibility concepts in the form of strategic programs that are positive and increase profit Solihin, (2011:6).

The increase in sales as a concrete result from the implementation of a program, Corporate Social Responsibility is followed by an impact that is abstract which is the emergence of a positive meaning or image to the corporation. This is because the activity of social responsibility indirectly becomes a corporate public relations form of communication. So it is possible to create a positive image that correlates between social programs and the description of corporations in the public sphere Jefkins, (2003:18)

There are two points that are the primary background of this research. First, today CSR programs are not only social oriented, but social issues that are developing are used as a marketing strategy that are applied in the form of social programs. This refers to the survey by Business in Community in 2001 that mentions 70% of corporations' CEOs places social responsibility as a primary issue of their marketing. A number of the business elite circle believes that the practice of this CSR concept will continue to grow in the coming years (Pasaribu, 2012:16) The second point is related with the use of corporations' image as a correlation to the impact from Corporate Social Responsibility programs. Research results by Roper Search Worldwide in Susanto, (2007:5) mentions as many as 75% of respondents give a positive/good value to the corporations that give a concrete contribution to a community of people. Based on this research, issues about the influence of a Corporate Social Responsibility program to the image of corporations becomes important as a research material.

Research with the purpose of knowing the influence of Corporate Social Responsibility Programs are able to be researched by using framework through three CSR variables. Including Variable (X1) CSR Goals, Variable (X2) CSR Issue and Variable (X3) Corporate Social Program (Unang Mulkhan, 2012:250). Based on the mentioned concepts, this research uses a social responsibility program that is fulfilled by corporations as a research object. Specifically, the location that is used as places for research are YPK 2 High School East Java and Petra High School. This is because the proportional age of respondent groups are considered and are mature enough. Based on information from the Lions Club Foundation as

an organizer partner of the “My Healthy Eyes 2014” program, there are ten schools that become places of implementation. From the mentioned ten schools only 2 YPK High School East Java and Petra High School that is from a high school level in the city of Malang and have proportional age respondents in the research.

2. LITERATURE STUDY

According to Ismail Solihin (2009:1) Corporate Social Responsibility has the following meaning: “Corporate Social Responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources. Achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment. The willingness of an organization to incorporate social and environmental consideration in its decision making and be accountable for the impacts of its decisions and activities on society and environment”. World Business Council and Sustainable Development (1998) defines CSR Goals as a form of corporation commitment in programs that refer to the purpose, need, worthiness, and time of program implementation. Every Corporate Social Responsibility have a purpose in its implementation and concerns several things including:

- a. Legal aspect which is for fulfilling regulations, law, and rules that manage it.
- b. Social investment which is for image reasons with the purpose of a positive image.
- c. Corporate strategy which is CSR as a part of the business strategy of corporations such as in a public relation strategy.
- d. Risk management strategy that has a purpose to dampen and avoid social conflict. Implementation issues of Corporate Social Responsibility are often sourced from stakeholders as holders of interest. Some issues of Corporate Social Responsibility are based on several types of stakeholders which are consumers, people/community, employees, environment, stockholders, and suppliers.

In the implementation of CSR programs several conditions are needed which will guarantee the implementation of the corporate social responsibility program well. Ismail Solihin (2011: 145-146) explains the mentioned conditions as the following:

- a. Implementation obtains support from the top management in the program’s sustainability.
- b. The relationship pattern between the parties that are involved are clear.
- c. The program is able to give a relationship effect to the object and the people.

Kotler and Lee in Ismail Solihin (2009: 131-141) mentions five types of Corporate Social Responsibility activity programs which are:

1. Cause Promotions
Corporations provide funds or other resources that are owned by corporations for increasing people’s realizations to a social activity for supporting fundraising, participation from the people or volunteer workforce recruitment for a certain activity.
2. Cause Related Marketing

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Corporations have a commitment to donate a certain percentage of profit for a social activity based on the amount of product sales.

3. Corporate Societal Marketing

Corporations develop and implement a campaign to change people's behavior with the purpose of increasing public health and safety, keeping the preservation of the living environment, and increase the welfare of the people.

4. Corporate Philanthropy

Corporations give direct contributions in the form of donations for certain groups.

5. Community Volunteering

Corporations support and push the employees, partners, retailers, or franchise holders so they will spare their time voluntarily to help local people's organizations and people that are the program's target.

Corporate Social Responsibility (CSR) has several forms of programs in its implementation depending on the corporation's policy. Sen and Bhattacharaya (2001:226)

1. Community Support, among others support in education, health, art and other programs.
2. Diversity, among others is a company policy to not differentiate consumers and future workers in gender, physical (disabilities) or to certain races.
3. Employee Support, in the form of protection to the workforce, incentives and appreciation and work safety guarantee.
4. Environment, creating a safe and healthy environment, managing waste well and creating environmentally friendly products.
5. Non-U.S operations, corporations are responsible to give the same rights for the people of the world to get a chance to work among others by opening plants abroad (abroad operations)
6. Product, corporations are obliged for making products that are safe for health, do not scam, implement research and development of products continuously and using recyclable wrapping.

According to Frank Jefkins (2003:73) a public relations scholar from England, mentions that image is an impression of someone or an individual about something that appears as a result of their knowledge and experience. Shirley Harisson mentions that information that is complete about the image of corporations has to cover four elements which are:

1. Personality, the whole characteristic of corporations that the target public understands such as Corporations that are able to be trusted, corporations that have a social responsibility.
2. Reputation, what has been done by corporations and believed by the target public based on own experience nor other parties such as the safety performance of a bank transaction.
3. Value, The values that corporations have in other words corporate culture such as the attitude of management that care about customers, employees that respond quickly to customers' requests and complaints.

4. Corporate Identity, components that simplify the knowing of the target public to the company such as logo, color, and slogan.

3. RESEARCH METHODOLOGY

The approach to this research uses a qualitative research approach, that refers to the field of positivism or an activity that has results in the form of a summary that is clear and certain. Generally, this research is implemented with proof from hypotheses that are determined before (Sugiyono, 2011:55). This research is implemented in the Christian Education Foundation Kelud Road No 42 Malang and Petra Malang Foundation in Prof. M. Yamin Road No.53 Malang. The research location consists of two schools which are Christian High School 2 YPK Malang and Petra High School. In this research, 88 samples will be spread and data will be obtained in the form of questionnaires to the students of 2 YPK High School East Java and Petra High School Malang.

In this research, the researcher uses a sample non probability sampling withdrawal technique, because in this research a sampling frame is not possible to be made. A sampling frame is a list of all the samplings in a sampling population (Singarimbun, 1995:108). With this method all elements of a population do not necessarily have the same chance to be chosen as a sample member, because there are certain parts that are not included in the selection to represent the population. Meanwhile, a sample withdrawal technique uses a purposive sampling technique. In this method, a sample selection is based on certain characteristics that are considered to have a relation with the population characteristics that are already known before (Umar, 1996:92)

The variables that are researched are divided into 2 large groups or independent and dependent. As for the operational variable definitions for each variable and its indicators are as the following:

a. Independent variable

A variable that is allegedly as a cause or predecessor of other variables. In this research the independent variable is Corporate Social Responsibility (X). Some derivatives of this variable are Corporate Social Responsibility Goals (X1), Corporate Social Responsibility Issues (X2) and Corporate Relations Program (X3).

b. Dependent variable

A variable that is allegedly as a result or influenced by other variables that proceed it. In this research the dependent variable is corporate image (Y). Corporate image is something that is a goal from the implementation of publicity by corporations where it will be seen how far variable X is able to influence variable Y.

Table 1 Operational Variable Definitions

| Concept | Variable | Variable Concept | Indicator |
|--------------------------------------|--|--|---|
| CSR/“Mataku Sehat 2014” Program (X) | Corporate Social Responsibility Goal (X1) | Corporate CSR conceptual program impacts sustainable development directed to the reach of corporate vision and mission. | Program Purpose |
| | | | Necessity to the object |
| | Corporate Social Responsibility Issue (X2) | | Issues or Motives that underlie the implementation and form of CSR program design by corporations |
| Time of program implementation | | | |
| Legal issues/ government regulations | | | |
| Corporate Relations Program (X3) | | Implementation of CSR programs in the form of realization to reach a good relationship with corporations’ external parties. | Social issues / eye health |
| | | | Economic issues |
| | | | Environmental issues / education problems |
| Corporate Image (Y) | | Corporate image is a perception and covers everything from visual and product experience, service, and general corporate behavior. | Corporate commitment to advanced programs |
| | | | Programs strengthen relations with stakeholders |
| | | | Effects of relations with corporations |
| Corporate Image (Y) | | Corporate image is a perception and covers everything from visual and product experience, service, and general corporate behavior. | The corporation has a high trust level (Personality) |
| | | | The corporation is known to have a good service system (Reputation) |
| | | | The corporation has a good value to consumers and people (Value) |

| Concept | Variable | Variable Concept | Indicator |
|---------|----------|------------------|---|
| | | | Logo, slogan, mascot and corporate specific characteristics are easily known by the people (Corporate Identity) |

4. RESULTS

1. The Influence of CSR to Corporate Image

The influence of the independent variable Corporate Social Responsibility simultaneously to its dependent variable which is corporate image is implemented by using the F test. The result of the statistic count shows the value of $F_{count} > F_{table}$ as many as $13.314 > 2.60$ with a significance as many as $0.000 < 0.05$. Because the value of F_{count} is greater than F_{table} and the significance is below 0.05 shows that simultaneously CSR Goals (X1), CSR Issue (X2) and Corporate Relations Program (X3) have a positive and significant influence to corporate image. The result of this research is corresponding with the research before that was implemented by Andi Mapisangka (2010) and the variables CSR Goals, CSR Issue and Corporate Relations Program influences simultaneously to corporate image with a significant value of 0.000 which means less than 0.05 (5%) So it is said to influence simultaneously. The presence of positive influence between the Corporate Social Responsibility program to the corporate image in this research takes part in strengthening the definition and purpose.

Corporate Social Responsibility theoretically. The definition of CSR according to World Business Council on Sustainable Development is a commitment from a business/corporation to behave ethically and contribute to sustainable economic development. Based on this definition, the form of commitment for corporations can be in the form of a program that has a social nor environmental contribution for the people. An example is the "Healthy Eyes 2014" program by PT. Sumber Alfaria Trijaya Tbk Malang in responding to the eye health issue for students as a form of social contribution and the world of education.

2. CSR Goals Variable Influence to Corporate Image

Results from the test that are implemented for knowing the influence of the Corporate Social Responsibility Goals to corporate image which is a t test to the variable CSR Goals (X1), a t_{count} as many as 2.552 is obtained with a t significance as many as 0.013. Because the t_{count} is greater than the t_{table} ($2.552 > 1.960$) or the t significance is less than 5% ($0.013 < 0.05$) so partially the CSR Goals (X1) variable has a significant influence to corporate image (Y). The result of this research is corresponding with the previous research done by Andi Mapisangka (2010) that the CSR Goals variable has a significant influence to dependent variables with a significance value of 0.000 which means less than 0.05 (5%) and a t_{count} sum as many as 3.86 so it is declared to be a variable.

CSR goals have a significant influence to corporate image. Other than that, the result of this research also updates the result of a research journal by Unang Mulkhan (2010) that declares the influence of CSR Goals to the welfare of small businesses which have a negative direction. The result of the mentioned research journal declares the coefficient test of the t variable as many as -1.703 and a significance value of 0.016 greater than 0.05, so it is summarized that the CSR Goal variable does not have a significant influence to the welfare of small businesses. From the data in the CSR Goals distribution frequency table it is able to be summarized that there are two indicators that have the highest average (mean) value which are the program purpose indicator (X1.1) and the social aspect worthiness indicator (X1.3) as many as 4.6. This shows that the purpose and worthiness of the social aspect in the "Healthy Eyes 2014" program has already been understood and accepted by respondents. Meanwhile the necessity to the target indicator (X1.2) in the "Healthy Eyes 2014" program obtained the lowest value as many as 3.8. In this indicator, declares how far the respondents or the program's targets need an eye check and the aid of free glasses. From the results of a low average shows that the necessity aspect of the program has not been accepted or felt well by the respondents or the program's target.

3. The Influence of the CSR Issue Variable to Corporate Image

Results from the test that were implemented for knowing the influence of the Corporate Social Responsibility Issue Variable to corporate image which is a t test to the CSR Issue (X2) variable, a tcount as many as -0.411 was obtained with a t significance as many as 0.682. Because the tcount is smaller than the ttable ($-0.411 < 1.960$) or the t significance is greater than 5% ($0.682 > 0.05$) so partially the CSR Issue variable does not have a significant influence to corporate image (Y). The results of this research shows a different result from two previous researches that use the CSR Issue variable (X2) as a component of an independent variable. One of the research is the result of research by Andi Mapisangka that declares that CSR Issue influences significantly with a t test value of 2.07 and sig 0.039. According to Jefkins (2003: 17-19) a corporate image that is positive and accepted by the public are related to its history, service quality, success in marketing and forms of social responsibility. In the social responsibility point, the conformity of the CSR program's form with the corporate product/service characteristics becomes important so the implemented program has a conform association with corporate characteristics. The theory of image according to Jefkins (2003) is strengthened by the case study of thesis research by Pasri Y J S Pasaribu in 2012 about the influence of Pepsodent's Corporate Social Responsibility program to consumer loyalty.

The form of the program that was implemented by Unilever in the pepsodent product was in the form of teeth check ups and socialization to children about the importance of brushing teeth before sleeping. The issue that was appointed in this program is conformed to the character of pepsodent. So a significant influence was obtained in the cognitive variable that shows understanding of program issues with a t test value of 2.496 and a significance of 0.003. From the frequency distribution

CSR Issue variable data, it is able to be summarized that government regulation indicator issues (X2.1) is known to have an average (mean) value of 4.6. This shows that in the respondents' views, the program's issues are already conform with government regulations about CSR that was initiated in Government Regulation in Act No 40 year 2007. While, in the economic issue indicator (X2.3) is known to have the lowest average (mean) value in the CSR Issue variable (X2) which is as many as 3.3. This shows that the economic condition of respondents can be declared well and able related to the necessity of checking up and buying glasses. So it can be declared that the "Healthy Eyes 2014" program in economic issues is not in the right target, because generally students that participate in the "Healthy Eyes 2014" program are in the economically able category.

4. The Influence of Corporate Relations Programs to Corporate Image

Results from tests that were implemented for knowing the influence of the Corporate Relations Program variable to corporate image which is a t test to the Corporate Relations Program (X3) variable, a tcount of 4.701 was obtained with a t significance as many as 0.000. Because the tcount is greater than the ttable ($4.701 > 1.960$) or the t significance is less than 5% ($0.000 < 0.05$), so partially the variable Corporate Relations Program (X3) has a significant influence to corporate image (Y). This research result is conform with the previous research implemented by Andi Mapisangka (2010) that the Corporate Relations Program (X3) variable has a significant influence to dependent variables with a significant value of 0.000 which means less than 0.05 (5%) and a tcount sum as many as 5.99. So it is declared that the Corporate Relations Program variable has a significant influence to corporate image.

According to Ismail Solihin (2011: 145-146) in the implementation of CSR programs there are several points that have to be paid attention which are the following:

- a. Implementation gets support from the top management in program continuity.
- b. Relationship patterns between the involving parties are clear.
- c. Programs are able to give a relationship effect between objects and people

These three points will then become indicators of the Corporate Relations Program (X3). In the validity indicator test the commitment of the corporation to corporations (X3.1) obtains a value of $r = 0.287$ and declared invalid because the r value is less than 0.3. So in this research the corporate commitment indicator (X3.1) was eliminated because it does not fulfill the validity test.

From the Corporate Relations Program variable distribution frequency table data it is known that the corporate commitment indicator to the advanced program (X3.1) has the highest average (mean) in the Corporate Relations Program variable, which is as many as 4.4. This shows that respondents support corporate commitment in organizing advanced programs, neither in the future. Meanwhile, program indicators tie relationships with stakeholders (X3.2) obtains the lowest average value as many as 3.0. This indicator declares the effect of respondent relations in stakeholders that participate in organizing the "Healthy eyes 2014"

program. So in is able to be summarized that after the “Healthy Eyes” program was held, the relation to the visiting effect to the OPTIK glasses store as one of the participating stakeholders was not very well.

5. Dominant Factors that influence Corporate Image

From the Corporate Social Responsibility influence test to corporate image, dominant factors are able to be observed from contributions of each independent variable that were tested to dependent variables. Contributions of each variable are known from simple determinant coefficients to dependent variables and independent variables. If observed from test results, the dominant variable is the Corporate Relations Program variable (X3) influencing corporate image where the Corporate Relations Program (X3) variable has a contribution as many as 26.6%. So it is able to be summarized that the Corporate Relations Program held by PT. Alfaria Trijaya Tbk was able to give a good relation to the foundation and the school that was where the program was held. Other than that the “Healthy Eyes 2014” program has a positive value because it grows the corporate image to the program’s target object.

5. SUMMARY

Observing from the results of significant influence simultaneously from variables in the F test, Corporate Social Responsibility programs have a positive and significant influence to corporate image. From research results that already implement the CSR Goals variable in a t test, it is able to be summarized partially that the CSR Goals (X1) variable influences significantly to corporate image (Y). From research results that already implement the CSR Issue variable in the t test, it is able to be summarized partially that the CSR Issue variable (X2) does not influence significantly to corporate image (Y). From research results that already implement the Corporate Relations Program variable in the t test partially the Corporate Relations Program (X3) variable influences significantly to corporate image (Y).

The Corporate Social Responsibility variable is the variable that is most dominant in influencing the corporate image of PT. Sumber Alfaria Trijaya Tbk, the variable Corporate Relations Program has a contribution as many as 26.6%. Meanwhile the CSR Issue (X2) variable has the least influence to corporate image. So in this research it is summarized that by increasing good relations through CSR programs for the people, the positive image of PT. Sumber Alfaria Trijaya Tbk is able to be influenced.

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