

# THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY PROGRAM ON CORPORATE IMAGE OF PT TIRTA INVESTAMA PANDAAN (Survey on Society in Village of Karangjati, Pandaan, Pasuruan East Java)

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## ABSTRAK

*Penelitian ini bertujuan untuk mengetahui pengaruh Program Corporate Social Responsibility (CSR) terhadap Citra Perusahaan pada PT Tirta Investama Pandaan. Jenis penelitian yang digunakan yaitu sequential model, dengan metode campuran. Penelitian ini dilaksanakan di Desa Karangjati, Pandaan, Pasuruan, Jawa Timur. Sampel dari penelitian ini sejumlah 99 orang responden. Teknik pengambilan sampel dalam penelitian ini menggunakan teknik Incidental Sampling. Teknik analisis data yang digunakan adalah analisis deskriptif dan analisis regresi linear berganda. Hasil pada analisis regresi linear berganda menunjukkan bahwa pada ketiga variabel memiliki pengaruh secara signifikan terhadap Citra Perusahaan baik secara bersama-sama maupun secara parsial. Secara bersama-sama nilai sig.F 0,000, sedangkan secara parsial variabel Community Support menunjukkan nilai sig t sebesar 0,006. Variabel Environment menunjukkan nilai sig t sebesar 0,024. Variabel Diversity menunjukkan nilai sig t sebesar 0,000. Diketahui juga variabel yang mempunyai pengaruh dominan terhadap variabel Citra Perusahaan adalah variabel Diversity. Berdasarkan hasil penelitian, dapat ditarik kesimpulan bahwa masyarakat mempunyai penilaian yang cukup baik terhadap program CSR dari PT. Tirta Investama, meskipun demikian diharapkan pihak perusahaan dapat mempertahankan serta meningkatkan mutu dari program-program CSR yang dijalankan.*

**Kata Kunci:** *Corporate Social Responsibility dan Citra Perusahaan*

## ABSTRACT

This study aims to determine The Influence of Corporate Social Responsibility (CSR) Program on Corporate Image of PT Tirta Investama Pandaan. The type of research used is sequential model, with mixed method. This research was conducted in Karangjati Village, Pandaan, Pasuruan, East Java. The sample of this research are 99 respondents. Sampling technique in this research use Accidental Sampling technique. Data analysis technique used is descriptive analysis and multiple linear regression analysis. The results of multiple linear regression analysis showed that in all three variables have a significant influence on the Corporate Image either simultaneously or partially. Simultaneously the value of sig.F 0.000, while partially the Community Support variable shows the sig t value of 0.006. The Environment variable shows the sig t value of 0,024. The Diversity variable shows the sig t value of 0.000. Also known that the variable that has a dominant influence on Corporate Image variable is Diversity variable. Based on the research results, it can be concluded that the community has a fairly good assessment of CSR program from PT. Tirta Investama, although it is expected the company can maintain and improve the quality of CSR programs that run.

**Keywords:** *Corporate Social Responsibility and Corporate Image*

## INTRODUCTION

Currently, development of business more advanced and modern requires the company begin to compete in order to support their business. In this case achieve maximum profit is the goal of a company, but the company is not only required to improve the company's internal environmental conditions, but also companies are expect to focus the company's relationship with external environment of the company which is becoming corporate social responsibility (CSR) to stakeholders. Corporate Social Responsibility (CSR) is one of company's effort to build good relations with stakeholders. Each company has responsibility for the action and activities of business that has an impact either directly and indirectly to the stakeholders. Wibisono in Amiruddin (2009) said that Corporate Social Responsibility is applicable ethical stakeholder, minimizing negative impacts and maximize positive impacts include economic social and environmental aspects in order to achieve the goal of sustainable development.

## LITERATURE REVIEW

### A. Corporate Social Responsibility

#### 1. Definition Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the phenomenon of corporate strategies that accommodate the needs and interests of the stakeholders. Corporate Social Responsibility (CSR) has occurred since the era where will an awareness of the company's long-term sustainability is more important than profitability. The following definition of Corporate Social Responsibility according to some experts:

- a. The World Business Council Fo Sustainable Development in Nature (2009) posited that "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well of the local community and society at large".
- b. Kotler and Lee in Solihin (2009) says that "Corporate social Responsibility (CSR) is a commitment to improve community well being trough discretionary business practices and contribution of corporate resources".
- c. Lawrence, Weber and Post in Kartini (2009) says that "the Corporate Social Responsibility (CSR) means that a corporation should be held accountable for any of its actions that affect

people, their communities, and their environment".

#### 2. Concept of Corporate Social Responsibility

In the study of Corporate Social Responsibility expressed by Elkington (1997), known as "The Triple Bottom Line", which is iscontained in his book "Cennibals with Forks, the Triple Bottom Line of the Twentieth Century, the concept of Business" concept put forward, namely the concept of 3P, the concept includes the Profit used for the sustainability of the business, with the presence of adequate profit welfare society (People) will be fulfilled and will not forget to preserve and protect the environment (Planet). This concept is a continuation of the concept of sustainable development has been explicitly associate between the dimensions of the goal and responsibility, both to the shareholder or stakeholder (Hadi, 2011).

#### 3. Model of Corporate Social Responsibility

Sen and Bhattacharaya (2001) identifies six basic is included in Corporate Social Responsibility (CSR) include :

- a. Community Support among other support for programs of education, health, the arts and so on.
- b. Diversity, is the company's policy to not distinguish between consumers and prospective workers in terms of gender, physical (disabled), or into race-specific race.
- c. Employee Support, in the form of protection to the workforce, incentives and has as well as a guarantee of safety.
- d. Environment, is the range of companies to make a positive impact for the environment to produce a corporate social responsibility program, by making the healthy location and security of the work environment, producing an environmentally friendly product and waste disposal management.
- e. Non-US Operations, the company responsible for providing equal rights for the community to have a chance of working,among others, to open factories abroad (abroad operations)
- f. Product, the company is obliged to make products that are safe for health, did not cheat, do research, and product development in a sustainable way and to use packaging that can be recycled.

#### 4. Contribution of Corporate Social Responsibility

According to Sule and Saefullah (2010) the benefits of corporate social responsibility for

companies, communities and Governments are as follows:

a. Contribution for the company

The obvious benefit for companies is the emergence of a positive image of the community of the presence of the company in the environment. The activities of the company in the long run will be regarded as a positive contribution to the community.

b. Contribution for the Community

Contribution for community from the corporate social responsibility other than that the company conducted several community interests take care of by the company, the public will also get a new view about the relationship of producers and consumers, or the relationship between buyer and seller only.

c. Contribution for Governments

The Government ultimately only serves as a referee who set the rules that run in community relations with the business world and provides sanctions for those who break them. The Government as the party that gets the legitimacy to change the order of the community better and will get a companion in the order manifest. As the Government's tasks can be executed by members of the community, in this case the company or business organization.

**B. Corporate Image**

**a. Definition of Corporate Image**

According to Andrew in Adona (2006) corporate image is the idea or mental perception of a specific audience on a company or organization that is based on the knowledge and experience of the audience itself.

**b. Contribution of Corporate Image**

Sutojo (2004) suggests that a good corporate image and strong has the following contribution:

- a. Competitiveness of the intermediate medium and long term.
- b. Become a shield for critical times
- c. Be expensive Executive appeal
- d. Improve effectiveness of marketing strategies
- e. Operational cost savings.

**c. The Relationship Between Corporate Social Responsibility with Corporate Image**

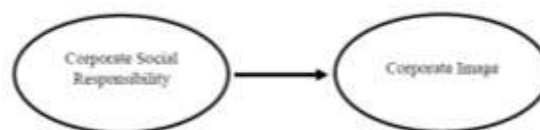
The current success of an company is determined by the existence of social concern for the environment in the vicinity of the company. This shows that the commercial success of the company is seen also from how companies manage their social responsibility towards the community around the area of operations (Ardianto, 2008)

According to the survey results "The Millennium Poll on CSR" (1999) conducted by Environics International (Toronto), the Conference Board (New York) and the Prince of Wales Business Leaders Forum (London) and twenty-five thousand respondents in 23 countries in the survey that related social responsibility in providing opinion and image of the company. This survey 60% stated that business ethics, very healthy practice gives influence to the reputation of the company and the remaining 40% argued that the corporate image and brand image that most affect their positive impression, but in other factors that affect the company's image is a factor, a measure of financial companies, corporate strategy, and management of the company (Hadi, 2011).

**d. Concept and Hypothesis Model**

a. Concept Model

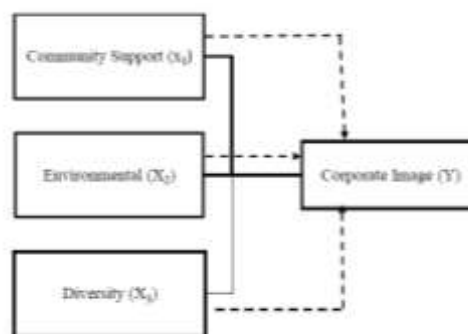
The following is an overview of the concept model in Figure 1



**Figure 1. Concept Model**

b. Hypothesis Model

According to Sugiyono (2007), the hypothesis is a temporary answer against the outline of the research issues, where the outline of the research problem has been stated in the question, the hypothesis is temporary because the answers given recently are based on empirical facts obtained through data collection. The following is an overview of the concept model in Figure 2



**Figure 2. Hypothesis Model**

H1 : Variable Community Support (X1), Environmental (X2), and Diversity (X3) simultaneously influence on corporate image (Y).

H2 : Variable Community Support (X1), Environmental (X2), and Diversity (X3) partially influence on corporate image.

## RESEARCH METHOD

This research use a mixed method with sequential model. According to Sugiyono (2015) this method is said to be sequential, as the use of methods are combined in a sequence. When the first order using quantitative methods, and second-order using qualitative method then is called a combination model sequential explanatory and, when the first order using qualitative methods, and second-order using quantitative method, then that method is called the method of sequential model of combination of exploratory research.

Location of the research is on the citizens of the village Karangjati in district Pandaan Regency Pasuruan. The selection of this place is related to the production process up to the resulting products include reaction and chemicals that are dangerous, both for society and the environment.

Hatch and Farhady in Sugiyono (2007) says that the variable is the attribute of a person or object that have variation from one person to another or one object with another object. Based on the concept, then it can be mentioned variables that can be used in this research are:

### 1. Dependent Variable.

In this study of the variable (X) is the Corporate Social Responsibility (CSR), which consists of:

- a. Community Support (X<sub>1</sub>)
- b. Environment (X<sub>2</sub>)
- c. Diversity (X<sub>3</sub>)

### 2. Independent Variable

Independent variable (Y) is the variable that is affected or which become due, because of dependent variable (Sugiyono,2010). Corporate Image is an impression and view a person or community is broadly against PT Tirta Investama Pandaan a result of the existence of the company.Charge indicator are Personality,Reputation, Value.

According to Effendi in Singarimbun and Effendi (ed. 1995) defines that "Operational Research element was that tells how to measure a variable".

Measurement scale in this study using a Likert scale. According to Sugiyono (2010) Likert scale was used to measure attitudes, opinions and perceptions of a person or group of people about social phenomena.Variables that will be measured elaborated into the indicator variables. For the purposes of quantitative analysis, then the answer from questionnaire can be given a score as follows:

- a. Strongly agree/always/very positive, given the score 5
- b. Agree/often/positive , given the score 4
- c. Doubts /sometimes/neutral, given the score 3
- d. Don't agree/never/negativee, given the score 2
- e. Strongly disagree/never, was given a score of 1

The population is also the overall unity of the symptoms or who wants to canvassed (Joon and Jannah, 2005). The population in this research is the villagers of Karangjati Subdistrict Pandaan Regency Pasuruan, East Java. The target in this research is the villagers of Karangjati Subdistrict Pandaan Regency Pasuruan, East Java aged > 20 years.

According to Sugiyono (2012) is the technique of sampling and data sources based on certain considerations.This technique is to determine informants assuming as the parties accept and engage directly with the Corporate Social Responsibility activities. The analysis of quantitative data was used as the primary method while the analysis qualitative data describing more about quantitative data.Data analysis technique use descriptive analysis, Multiple Linear regression analysis, Classical asumption test and interview.

## RESULT AND DISCUSSION

### 1. Response of the community of Karangjati, Pandaan, Pasuruan, East Java on Corporate Social Responsibility PT Tirta Investama Pandaan

#### a. Community Support (X<sub>1</sub>)

Based on the results of descriptive analysis and interview can concluded that PT Tirta Investama Pandaan do Corporate Social Responsibility program and can received by the village community Karangjati. Corporate Social Responsibility programs Community Support especially support for education such as establishing Kindergarten (PAUD) Wanjati, provide educational facilities and provide training to PAUD teachers. Support to the economy such as establishing Hijau One Jati Cooperative, providing training to the community and providing job opportunities. This is done in accordance with the needs of the community Karangjati to improve the welfare and economy of the village community Karangjati.

#### b. Environment

Based on the decriptive analysis and interview results can be concluded that the Corporate Social Responsibility programs undertaken by PT Tirta Investama Pandaan is going well, the existence of

Corporate Social Responsibility programs in the field of the environment can keep the environment clean and community can manage waste so that more valuable. PT. Tirta Investama Pandaan also facilitate access by making clean water wells are working with community Karangjati. PT. Tirta Investama Pandaan also received good response from the community of Karangjati since it was already improving community welfare in terms of the environment.

c. Diversity

From the result of the descriptive analysis and interview, it can be concluded that PT Tirta Investama Pandaan performs Corporate Social Responsibility program equally to all people regardless of gender and race. The community responded positively to PT Tirta Investama Pandaan for running the Corporate Social Program well. PT Tirta Investama also does not distinguish gender, does not distinguish racial ethnicity, and does not distinguish physical condition in employee recruitment because all Karangjati villagers are entitled to apply for work in accordance with applicable criteria and conditions.

d. Corporate Image

From the results it can be concluded that the descriptive analysis and interview PT. Tirta Investama has a good Image in the community of the village of Karangjati indicated by the response from both the communities against PT Tirta Investama Pandaan in conducting the activities of the company or while doing Corporate Social Responsibility programs.

## **2. The Influence of Corporate Social Responsibility consist of Community Support (X1), Environment (X2), and Diversity (X3) simultaneously on Corporate Image.**

Multiple regression results, it can be concluded that the variables Community Support (X1), Environment (X2), and Diversity (X3) simultaneously have a significant influence on corporate image with the value of correlation coefficient  $F_{count}$  equal to 37,011 with significance level 0,000  $P < 0.05$ ). In addition to the coefficient of determination is also obtained the correlation coefficient that indicates the relationship among the independent variables are Community Support, Environment, and Diversity with Corporate Image, the value R (Correlation coefficient) of 0,539 or 53,9%, While the influence of other variables of 46.1% outside the research models such as Employee Support, Non - U.S. Operations, and Product are not discussed in this research (Sen and Bhattacharaya (2001)). Harrison

(1995) said that the Corporate Identity also affects Corporate Image but it is also not discussed in this study.

## **3. The Influence of Corporate Social Responsibility consist of Community Support(X1), Environment (X2), and Diversity (X3) partially on Corporate Image.**

### **a. The Effect of Community Support (X1) on Corporate Image**

The result of regression analysis shows that Community Support (X1) has regression coefficient (B) value of 0.404 with  $t_{calculate}$  2,800 and probability 0.000 ( $p < 0,05$ ), partially Community Support variable has positive effect and has significant influence on corporate image.

### **b. The Effect of Environment (X2) on Corporate Image**

The result of regression analysis shows that environment variable (X2) has regression coefficient value or (B) equal to 0,327 with  $t_{calculate}$  2,301 and probability (0,000 ( $p < 0,05$ ), partially environment variable have positive effect and have significant influence to Company image.

### **c. Diversity (X3) on Corporate Image**

The result of regression analysis shows that environment variable (X2) has regression coefficient value or (B) equal to 0,605 with  $t_{calculate}$  4,416 and probability (0,000 ( $p < 0,05$ ), partially environment variable have positive effect and have significant influence to Corporate Image.

## **CONCLUSION AND SUGGESTION**

### **Conclusions**

Based on the results of research that has been submitted from the previous chapter, it can be drawn conclusion as follows:

1. Based on the results of the analysis that has been done through interviews it can be concluded that Corporate Social Responsibility Program that has been done by PT Tirta Investama Pandaan goes well and can be seen that the community give very good response to Corporate Social Responsibility program which has been done by PT Tirta Investama Pandaan.
2. Multiple regression results, it can be concluded that the variables Community Support (X1), Environment (X2), and Diversity (X3) simultaneously have a significant influence on corporate image with the value of correlation coefficient  $F_{count}$  equal to 37,011 with significance level 0,000  $P < 0.05$ ). The correlation coefficient (R) is 0.734 and the adjusted coefficient of determination is 0.524.

3. The results of partial regression analysis can be concluded that the variables of the three variables have a significant influence on corporate image. It is proved by the result of the variable of Community Support (X1) has the value of regression coefficient (B) of 0.404 with the tcount 2,800 and the probability 0.000, Environment (X2) has the regression.
4. Coefficient value (B) of 0.327 with the tcount 2,301 and the probability Diversity has a regression coefficient value (B) of 0.605 with a tcount of 4.416 and a probability of 0.000. Variable Diversity (X3) is the dominant variable affecting company image (Y) with Beta value 0,404 compared with other variable.

## Suggestion

### 1. Suggestions for the Company

- a. By knowing the result of this research, the suggestion that can be given to PT Tirta Investama Pandaan is to be able to consider Community Support, Environment and Diversity as a very important in implementing Corporate Social Responsibility program in influencing corporate image.
- b. By knowing the result of this research, it is hoped that the company can maintain and improve the Corporate Social Responsibility program in terms of Diversity.

### 2. Suggestions for further researchers

By knowing the results of this study is also expected to be used by further researchers to develop research on CSR programs and its effects on corporate image.

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