SOCIAL RESPONSIBILITY AS COMPETITIVE ADVANTAGE IN GREEN BUSINESS

Proceeding 11th International Annual Symposium on Management Batu - East Java, Indonesia, 15th-16th March 2014













PROCEEDING

The 11th UBAYA International Annual Symposium on Management

SOCIAL RESPONSIBILITIES AS A COMPETITIVE ADVANTAGE IN GREEN BUSINESS

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Department on Management Faculty of Business and Economics Universitas Surabaya

Proceeding

The 11th UBAYA International Annual Symposium on Management

SOCIAL RESPONSIBILITIES AS A COMPETITIVE ADVANTAGE IN GREEN BUSINESS

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FOREWORD

INSYMA has become a tradition of its own for the management department of Universitas Surabaya. For more than a decade this event has become a forum for academics and practitioners to share knowledge. Every year management department always brings the latest theme that becomes an important issue for the development of science.

This year, INSYMA raise the theme "SOCIAL RESPONSIBILITIES AS A COMPETITIVE ADVANTAGE IN GREEN BUSINESS". This theme interesting, considering that at this time all the business need to be more accountable to the public and the environment. Corporate social responsibility is not only an obligation, otherwise it would be a distinct competitive advantage for the company.

Hundreds of scientific papers are sent to a conference committee, and the results of a rigorous selection of more than 100 elected. This paper is derived from a variety of authors, both within and outside the country, academics and practitioners. All the articles are then presented at the symposium and documented in these proceedings.

We hope that these proceedings can contribute to the development of science and business practices. Hopefully you can enjoy and gain valuable lessons from this article collection. We look forward to your participation in next INSYMA.

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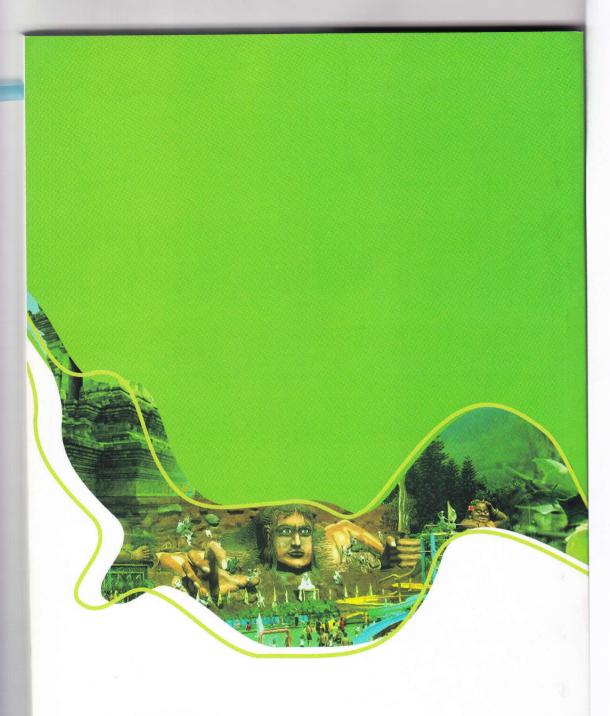
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Analysis The Relationship Between Corporate Social Responsibility And The Welfare Society PT X In Bandung

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ABSTRACT

The purpose of this study was to analyze the relationship between corporate social responsibility undertaken by PT X in Bandung and the welfare of the community around the PT X. This is because of corporate social responsibility is a form of implementation of sustainable develop where corporate social responsibility is a commitment for the company to improve the welfare of the community surrounding the company. The sample used in this study is people around PT X where the sampling technique used was simple random sampling. Data were obtained through questionnaires and interviews with people around PT X. This study using cross tabulation and by $\alpha=5\,\%$ the results indicate that there is no relationship between corporate social responsibility is seen from the public perception and corporate philanthropy to the welfare of the community around PT X because PT X rarely do corporate social responsibility programs . It can be seen that of the 110 people around PT X who are interviewed, just 25 people engaged in social responsibility programs of PT X and the only 48 people who ever get the benefit of the social responsibility program of PT X so that PT X need designing social responsibility program in the short term and long term in order PT X can persist in carrying out its business activities in the social environment.

Keywords: social responsibility, public perception, corporate philanthropy and welfare of the community

I. INTRODUCTION

The company in addition to making a profit, they are also required to contribute to society and the environment. Kotler and Lee (2005) define Corporate Social Responsibility (CSR) as the company's commitment to improve the welfare of the community through good business practices and contribute most companies resource.

Human awareness of the impact of the natural environment is increasing, this not only contribute to the emergence of the concept of sustainable development. The concept of sustainable development is to try to unify the maintenance of environmental sustainability, the development of technology, investment, and other changes in balance (WCED, 1987 in Baker, 2006).

Now the business world is no longer just pay attention to the company's financial statements alone (single bottom line), but has been covering the financial aspects, social aspects, and environmental aspects of the so-called triple bottom line. The synergy of these

three elements is the key to the concept of sustainable development (sustainable development). Often these activities have not been associated with the three key elements of sustainable development. But this is a positive first step that needs to be developed and expanded to actually be used as a Corporate Social Responsibility which is really sustainable.

Along with time, the number of industries keep increasing but this also increase the damage to environment, unfortunately the awareness of CSR in Indonesia is still low, a lot of damage environments are left without maintain. Therefore we are interested in doing research on the sustainability of the company in the areas surrounding Bandung especially textile companies as there are many people who live around the textile enterprise environment so we wanted to see the influence of CSR with the welfare of the local community and Is CSR programs implemented by companies have a major impact on the local community.

II. THEORETICAL DEVELOPMENT AND HYPOTHESES

According to the view of classical management, the company as an economic entity is a business organization whose primary purpose is the pursuit of profit. This orientation, led to an attempt to gain as much as possible in the production and marketing research.

The concept of CSR goes beyond the economic responsibility, legal and technical of a company, and also exceeded the profitable production of goods and services and CSR is also seen as a way to help solve a wide range of social and environmental problems, especially problems that are created by the company's operations.

Corporate Social Responsibility (CSR) is a form of implementation of the Sustainable Development. Sustainable development is not just concentrate on environmental issues is wider than that, sustainable development policies include three scales: economic development, social development and environmental protection.

Based on the WCED (World Commission on Environment and Development) documents, explained that sustainable development emphasizes the importance of taking control of natural resources, both renewable or non-renewable. Both of these resources can still be taken, but must consider the impact of uptake and minimize its negative effects.

The implementation of the principle of sustainable development can be done in three ways: 1) through education, 2) the reform and development of the existing institutions, and 3) through regulation.

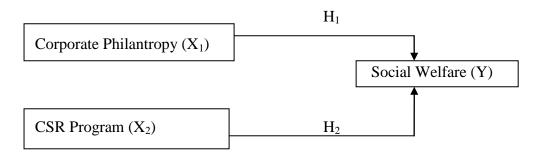
Kotler and Lee (2005) describes some of the major activities in the CSR with the term corporate social initiatives that illustrate some of the major events in the company's CSR to solve social problems and run the values of corporate social responsibility. Corporate Social Initiative is divided into 6 main activities: 1) Cause Promotions, 2) Cause-Related Marketing, 3) Corporate Social Marketing, 4) Corporate Philanthropy, 5) Community Volunteering and, 6) Socially Responsible Business Practices.

In this paper the authors use corporate philanthropy as a form of CSR that companies use. Corporate philanthrophy is done by the company to contribute / donations directly in the form of funds, services, or tools to the needy both institutions, individuals or specific groups.

Beside that, the authors used perception of community to measure the company's CSR as Leavitt (1978: 27), mentions the perception in the narrow sense is vision, how a person sees something, whereas in the broad sense is the view or interpretation, ie how one views or mean something. Kreich and Crutchfield (2000:235) mentions that perception is influenced by functional factors and structural factors. Functional factors derived from needs, experience and other things which included what past call personal factors, which determines the perception is not the kind

forms of stimuli, but the characteristics of those who responded to the stimuli that. While structural factors derived solely from the nature of the physical stimuli and neurological effects thereof on the nervous system of individuals.

Based on the literature, the research model and the research hypothesis is:



Picture I

Research Model

The research hypothesis:

 H_1 : Corporate philantropy have a relationship with the welfare of the people around PT X.

H₂: Corporate social responsibility program have a relationship with the welfare of the people around PT X.

III. METHODS

Type of Research

Quantitative approach will be used in this research is to use the questionnaire method, using a structured question / systematically the same to many people (questionnaire), and then the entire answer obtained by researchers recorded, processed, and analyzed.

This type of research used in this research is descriptive-associative method. Descriptive-associative method is a method of research used to know and be able to describe the characteristics of the studied variables in a situation and be able to describe and determine the relationship of correlation and causal relationship between one variable with another variable (Sekaran, 2006; Suliyanto, 2009).

Population, Sample, Sampling Techniques and Data Collection Techniques

The subjects in this study were members of the surrounding community PT.X Bandung. Determination of the sample is done two steps, that is the determination of the location and determine the respondents. Location research is purposive (deliberately). Respondents who selected is a community member and is bordered by companies and felt the impact of companies, that is around Cijerah road to Cigondewah Kaler road, Village Cigondewah Kaler, District of Bandung Kulon. The number of people living around is 200 people. Determination of the respondents in this study will be done using simple random sampling (simple random method). The samples collected were 110 people.

This study uses primary data and secondary data. The primary data obtained from questionnaires and secondary data obtained from the analysis of documents and literature from various sources related to the research objectives.

Measuring of Research Variables

A. Public perception about the company's activities can be measured using a likert scale with five on a statement. The likert scale choices are from strongly agree to strongly disagree.

B. Characteristics

- 1. Age is measured by calculating the difference between the respondent was born until the year when the study was conducted and stated in years.
- 2. Gender is measured by looking at the physical characteristics of the respondents who expressed in two types of men and women.
- 3. This type of work is measured by asking the type of occupations that will be carried by the respondents as a source of occupations and its association with the companies.
- 4. The level of education is measured by knowing the last highest level of formal education completed by the respondent.
- 5. Origin area was measured by where the respondents came from.
- 6. Length of stay was measured from the answer choices, that is (1) Less than 1 year, (2) 1 to 3 years and, (3) More than 3 years
- 7. Knowledge of Corporate Social Responsibility is measured from the questions, that is (1) to know about corporate social responsibility (Corporate Social Responsibility or CSR), (2) never heard of CSR (Corporate Social Responsibility or CSR) conducted by PT X, (3) has been involved in companies social responsibility (CSR) conducted by PT X and, (4) never get the benefits of companies social responsibility (CSR) PT X.

Method of Data Analysis

Analysis tools are used to test the research hypothesis is cross tab test because want to see how the relationship between variables. The step of data analysis:

1. Validity and Reliability Test

Validity testing instrument, usually the minimum requirement to be eligible is if r = 0.176. Reliability testing instrument, variable said to be reliable if the cronbach's alpha value > 0.60. 2. Cross tab Test

Basis for decision making, that is based on the comparison chi-square test and numbers on table: if the Asym sig $> \alpha$ (0,05), then H₀ is accepted, if the the Asym sig $< \alpha$ (0,05), then H₀ is rejected.

RESULTS AND DISCUSSION

I. Validity and Reliability Test

Result of the validity test is the variables are valid because corrected item-total correlation > 0,176 and result of the reliability test is the variables are reliable because the value of cronbach's alpha > 0,60 so that the variables could be use to test the hypothesis. That validity and reliability test can be seen in the appendix II.

II. The Hypothesis

1. Research hypotesis one: Corporate philantropy have a relationship with the welfare of the people around PT X, which the statistic hypothesis as below:

H₀: Corporate philantropy doesn't have a relationship with the welfare of the people around PT X.

H₁: Corporate philantropy have a relationship with the welfare of the people around PT X.

Result of the hypothesis testing can be see below:

Table I Result of Hypothesis I

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	39,457 ^a	52	,900
Likelihood Ratio	49,537	52	,571
Linear-by-Linear Association	,216	1	,642
N of Valid Cases	110		

a. 66 cells (94,3%) have expected count less than 5. The minimum expected count is ,10.

Pearson Chi-Square Asym.sig: $0.900 > \alpha$: 0.05, the H₀ accepted so that Corporate philantropy doesn't have a relationship with the welfare of the people around PT X.

- 2. Research hypothesis two: Corporate social responsibility program have a relationship with the welfare of the people around PT X, which the statistic hypothesis as below:
- H₀: Corporate social responsibility program doesn't have a relationship with the welfare of the people around PT X.
- H₁: Corporate social responsibility program have a relationship with the welfare of the people around PT X.

Result of the hypothesis testing can be see below:

Table II Result of Hypothesis 2

Chi-Square Tests

	<u> </u>	*	
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	104,726 ^a	120	,838
Likelihood Ratio	111,755	120	,692
Linear-by-Linear Association	,000	1	,997
N of Valid Cases	110		

a. 155 cells (100,0%) have expected count less than 5. The minimum expected count is ,10.

Pearson Chi-Square Asym.sig: $0.838 > \alpha$: 0.05, the H₀ accepted so that Corporate social responsibility program doesn't have a relationship with the welfare of the people around PT X.

The result of two hypothesis was indicate that the research hypothesis was rejected. It is because the PT X rarely do corporate social responsibility programs . It can be seen that of the 110 people around PT X who are interviewed, just 25 people (22,72%) engaged in social responsibility programs of PT X and the only 48 people (43,64%) who ever get the benefit of the social responsibility program of PT X. The data can be see at the appendix I.

CONCLUSION

- 1. By $\alpha = 5\%$, corporate philantropy doesn't have a relationship with the welfare of the people around PT X because the benefit of corporate social responsibility from PT X doesn't give affect to the welfare of the people around PT X.
- 2. By $\alpha = 5\%$, corporate social responsibility program doesn't have a relationship with the welfare of the people around PT X. It was because PT X rarely do corporate social responsibility program and just only 25 people from 110 people around PT X enggaged in social responsibility programs of PT X.

Based on the study conclusions presented suggestions for practical interests or the interests of further study as follows:

- 1.PT X should have some corporate social responsibility program to increase the welfare of the people around PT X and the corporate social responsibility program should enggaged the whole people around PT X.
- 2. For further research is recommended to search the company that have a corporate social responsibility program and continu doing corporate social responsibility program for testing how the effect of the corporate social responsibility program for community welfare.

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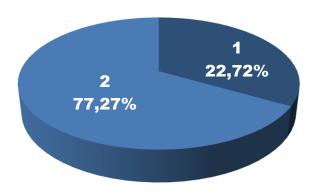
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APPENDIX I

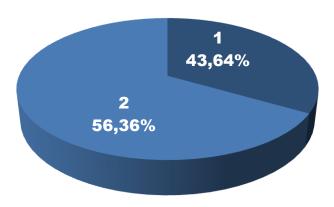
Part of Result From Questionnaire

Program CSR



Picture I
Percentage Respondent Engaged In Social Responsibility Programs of PT X

Benefit From CSR Program



Picture II

Percentage Respondent Get Benefit From Social Responsibility Program of PT X

*Note: 1 : For Answer Yes and 2: For Answer No

APPENDIX II

Table I Result of Validity Test For Variable Y

Item-Total Statistics

	Scale Mean if Item	Scale Variance if	Corrected Item-	Cronbach's Alpha
	Deleted	Item Deleted	Total Correlation	if Item Deleted
P9	4,82	,847	,313	,301
P10	4,69	,748	,410	,183
P11	4,40	1,086	,185	,490
P12	4,61	,938	,179	,444

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
A1	9,65	4,745	,463	,570
A2	9,67	4,938	,537	,521
А3	9,95	4,998	,466	,568
A4	9,92	5,947	,292	,677

 $\label{eq:Table III} Table \ III$ Result of Validity Test For Variable X_2

Item-Total Statistics

	Scale Mean if Item	Scale Variance if	Corrected Item-	Cronbach's Alpha
	Deleted	Item Deleted	Total Correlation	if Item Deleted
B1	39,81	51,092	,511	,795
B2	39,91	52,028	,427	,801
В3	39,74	51,774	,542	,794
B4	39,65	52,469	,422	,802
B5	39,52	51,922	,465	,799
B6	40,03	55,421	,277	,811
B7	40,61	58,112	,114	,818
B8	40,68	56,054	,317	,808,
B9	40,59	56,244	,267	,811
B10	40,04	51,834	,475	,798
B11	39,56	53,698	,335	,808,
B12	39,40	49,673	,574	,790
B13	39,80	50,694	,520	,794
B14	39,65	50,008	,516	,794
B15	39,84	50,487	,496	,796

Table IV Result of Reliability For Variable Y

Reliability Statistics

Cronbach's Alpha	N of Items
,440	4

 $\label{eq:table V} Table \ V$ Result of Reliability For Variable X_1

Reliability Statistics

Cronbach's Alpha	N of Items
,656	4

 $\label{eq:total conditions} Table \ VI$ Result of Reliability For Variable X_2

Reliability Statistics

Cronbach's Alpha	N of Items
,812	15