

THE MANAGEMENT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN SUMATRA, INDONESIA

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ABSTRACT

Management on the basis of the organizational climate variables, corporate motivation, organizational commitment in handling programs of the Corporate Social Responsibility (CSR) plays important role for the companies. This research was conducted at Bakrie Sumatera Plantation Ltd. Group consists of the North Sumatera, West Sumatera, Jambi, Bengkulu, and South Sumatera. The purpose of this study is to determine, assess and analyze descriptive and verificative of Organization Climate, Corporate Motivation, Commitment Organization and Corporate Social Responsibility. Methods of data collection used structured questionnaires with the descriptive and verificative analysis technique within the Structural Equation Modelling (SEM). Result from descriptive studies showed that Organization Climate is fair to good category; Corporate Motivation is fair to better category and Corporate Social Responsibility is also fair to good category. While the result of verificative study proved that Organization Climate has a positive and significant impact on the Corporate Motivation and Commitment Organizational. Corporate Motivation and Commitment Organizational have a positive and significant impact on the social Corporate Responsibility either partially and simultaneously.

Keywords: Organizational climate, corporate motivation, commitment organizational and CSR

INTRODUCTION

In Indonesia, the awareness of business players in implementing CSR is relatively new, it was noted began in early 1990s. Briefly, *Corporate Social Responsibility* can be interpreted as a voluntary corporate social responsibility (Suhayati, 2011). The assumption of business people in Indonesia that social responsibility is seen as a waste of activity costs whereas CSR programs actually provide many benefits to the company. Corporations should consider that corporate social responsibility should be sought in the internal and external environment of the company. Within the company's internal scope, the implementation of CSR is a strategic decision of a company consciously designed from the outset to implement a healthy work environment, employee benefits, environmentally friendly raw materials and waste aspects, and all aspects of running a business are guaranteed not to implement malicious practices. In the external sphere, CSR implementation should be able to improve the social and economic aspects of the environment around the company in particular and the general public environment. This external responsibility is a shared obligation among business entities to realize the welfare of society through sustainable development. So it is not excessive as the title in the CSR conference that in a business entity, responsible business is good business.

As companies become more thriving, at the same time social inequality and environmental degradation can occur, so there is awareness to reduce this negative impact. Many private companies are now developing what is called Corporate Social Responsibility (CSR). The implementation of CSR is no longer considered a cost, but an investment company. The

implementation of CSR by a company provides many benefits (Wibisono in Muhajidir and Gita F.Q., 2011) including: (1) maintaining or enhancing the company's reputation and brand image; (2) deserving social license to operate; (3) reducing the business risk of the company; (4) expanding access to resources; (5) expanding access to markets; (6) reducing costs; (7) improving relationships with stakeholders; (8) improving relations with regulators; (9) increasing employee morale and productivity; (10) chance of getting award.

CSR is no longer faced with responsibility on the single bottom line, which is the value of the company (corporate value) reflected in its financial condition but the company's responsibility must rest on the triple bottom lines. Here, the other bottom lines, in addition to financial are also social and environmental because the financial condition alone is not enough to guarantee the value of the company to grow sustainably (sustainable). Company sustainability will only be ensured if the company takes into account the social and environmental dimensions. In order to strengthen the implementation and proof of the mechanism of CSR implementation continuously that shows the moral consequences and commitment of the company management that can be used as guidance.

IDENTIFICATION OF PROBLEMS

Several issues have been identified in concerning with CSR programs in the fields, as follows:

1. Concern of the leadership of the company on the mechanism of CSR implementation in the environment of PT. Bakrie Sumatera Plantation Tbk is not yet optimal.
2. Utilization of CSR programs by the community has not fully met the objectives of CSR.
3. Lack of government concern over the CSR implementation system.
4. CSR programs by the companies in order to improve the welfare of the community have not been optimal.
5. Continuity of CSR program in the framework of small business development has not run optimally.

FORMULATION OF THE PROBLEMS

This research formulated problems as follows:

1. How is the organization climate at PT. Bakrie Sumatera Plantation Tbk., Group?
2. How is the company's motivation at PT. Bakrie Sumatera Plantation Tbk., Group?
3. How is the organization's commitment at PT. Bakrie Sumatera Plantation Tbk., Group?
4. How is the way to implement CSR at PT. Bakrie Sumatera Plantation Tbk., Group?

CONCEPTUAL FRAMEWORK

The Effect of Company's Motivation to Corporate Social Responsibility (CSR)

Companies that run their business model based on the principles of business ethics and management of strategic and sustainable natural resources will be able to grow a positive image and gain trust and support from the community. Corporate motivation to implement CSR has a positive impact on improving the quality of life of employees and families, local communities and society at large.

Work motivation is something that gives rise to encouragement or morale. Several factors can affect work motivation, according to J. Raviyanto (in H. Hendra and Seger, 2013) are: bosses, associates, tools, policies and regulations, remuneration for money and non-money services, occupations and challenges while the individual's motivation to work is influenced by his system of needs.

To obtain the desired work motivation, the work satisfaction must be improved better, systematic, planned and continuous to balance the condition of the environment that always requires job tasks that are competent and ready to face various challenges and problems that arise in carrying out their duties so as to be able hold their respective responsibilities.

But apart from the company, the performance of the employees is determined by themselves, their motivation is important for them to survive in the company, whether it is physiologically, salvation, social, appreciation, and self-fulfillment created by Maslow's theory, and which has been developed By Alderfer into the needs of ERG (Existence, Relatedness, Growth) (Theodora, 2015). High motivation improvements can have a positive impact on employee performance because without good motivation from employees will be difficult for companies to achieve optimal results.

The Effect of Organizational Commitment to Corporate Social Responsibility (CSR)

A high level of organizational commitment has a positive outlook and tries to do the best for the sake of interest. Implementation of CSR is a manifestation of commitment built by the company to contribute to improving the quality of life of the community. If commitment in this case affective is done continuously, it will achieve the organization's success because affective commitment is a strong trust and acceptance of value and purpose of organization. According to Kreitner and Kinicki (2010) (in Wibowo, 2016) Organizational commitment explains that the level of circumstances in which the individual identifies itself with the organization and is bound to its purpose. Another opinion expressed by Gibson, Ivancevich, Donnelly, and Konopaske (2012) (in Wibowo, 2016) "Organizational commitment is a feeling of identification, loyalty and involvement expressed by employees towards the organization".

The Dimension of Organizational Commitment

Meyer and Allen (in Suprayitno, 2017) identified three dimensional models of organizational constants:

- a) Affective Commitment describes the level of employee engagement with an organization that refers to the emotional feelings of employees on the basis of their own volition.
- b) Normative Commitment is a level of employee engagement with an organization that refers to an individual's commitment to an organization because it feels obliged to be in the organization.
- c) *Continuance Commitment* is the level of employee engagement with the organization that refers to the costs they incur as a consequence if out of the organization.

From the description above, the whole details the conceptual sequence of the grand theory of human resource management and organizational behavior, are complemented by the middle theory that related to organizational climate, as well as applied theories on corporate motivation, organizational commitment and CSR.

RESEARCH METHODOLOGY

This descriptive research aims to obtain a description of the characteristics of organizational climate variables, corporate motivation, organizational commitment and CSR. The verification research is to test the truth of a hypothesis carried out through data collection in the field, which in this study examined the influence of organizational climate on corporate motivation and organizational commitment and its implications to CSR in the environment of PT. Bakrie Sumatera Plantation, Tbk. Group.

Hypothesis Testing

In this study, the structural models of influence to be known are six partial hypotheses. To test the research hypothesis partially done through statistical test as follows:

H0: $\gamma_i = 0$: the effect of ξ to η_1 is not significant

H1: $\gamma_i \neq 0$: the effect of ξ to η_1 is significant

The test statistic used is: $t \frac{\gamma_i}{SE(\gamma_i)}$

The free degrees for testing are: $df = \frac{1}{2} (p+q) (p+q+1) - 1$.

There are six hypotheses in this study. The six hypotheses were tested by t test statistic with the condition H_0 will be rejected if t_{count} is greater than the critical value t for $\alpha = 0.05$ of 1.96. The detailed test partial hypothesis is done as follows:

1. The effect of organizational climate to company motivation. (hypotesis 1) with the same structural model: $\eta_1 = \gamma_1 \eta_1$

H₀ : $\gamma_i = 0$: the effect of ξ to η_1 is not significant

H₁ : $\gamma_i \neq 0$: the effect of ξ to η_1 significant

Test statistic used is: $t \frac{\gamma_{31}}{SE(\gamma_{31})}$

H₀ will be rejected if $t_{count} > t_{table}$ at a significant level. Where T_{table} to $\alpha = 0,05$ as big as 1.96.

2. The effect of organizational climate to organizational commitment (**hypotesis 2**) with the same structural model: $\eta_2 = \gamma_1 \eta_2$

H₀ : $\gamma_i = 0$: the effect of ξ to η_2 is not significant

H₁ : $\gamma_i \neq 0$: the effect of ξ to η_2 is significant

Test statistic used is: $t \frac{\gamma_{31}}{SE(\gamma_{31})}$

H₀ will be rejected if $t_{count} > t_{table}$ at the significant level. Where T_{table} to $\alpha = 0,05$ as big as 1.96.

3. The effect of organizational climate and organizational commitment to CSR (hypotesis 3), with the same structural model:

$\eta_3 = \eta_3 \eta_1 + \eta_3 \eta_2$

H₀ : $\eta_3 = 0$: the effect of η_1 and η_2 to η_3 is not significant

H₁ : $\eta_3 \neq 0$: the effect of η_1 and η_2 to η_3 is significant

Test statistic used is : $t \frac{\gamma_{31}}{SE(\gamma_{31})}$

H_0 will be rejected if $t_{\text{count}} > t_{\text{table}}$ at the significant level. Where T_{table} to $\alpha = 0,05$ as big as 1.96.

Model Feasibility Test

The model feasibility test of this research is aimed to know the model that becomes the frame of thought or as the theoretical construction of the research formulated in the form of diagrams and / or mathematical equations is fit with the data. It means that the model used has been able to estimate all model parameters into research variables that are poured into the research hypothesis.

RESULTS AND DISCUSSION

Climate is a metaphor that describes the atmosphere and what is felt in the self of the people associated with the organization so as to enable people to react in various ways to the organization (Rofiatun and Masturi, 2011). The organization's climate is important to create because it is a person's perception of what the organization provides and is used as a basis for the determination of subsequent member behavior. Climate is determined by how well members are directed, built and rewarded by the organization. The definition of organizational climate can be seen in the organizational climate dimension.

The dimension of organizational climate that influences the behavior of human resources within the organization is generally divided into 2, they are physical and non physical. The physical dimensions such as the physical environment of the workplace and the non-physical dimension consist of the state of the social environment, the implementation of the management system, the products, the consumers, the clients and the clients served, the physical and psychological conditions of the organization's members and organizational culture (Susanti, 2012).

Organizational climate is responsible for organizational commitment through employee satisfaction. Climate organization refers to a variable or set of variables that indicate norms, feelings and attitudes that generally apply in a workplace. The organization's climate has the capacity to express the psychological atmosphere of the organization in general and can therefore have an effect on the satisfaction, motivation and individual behavioral patterns that exist in the workplace. The organization's climate reflects important aspects of the organization such as: relationships between employees and organizational management, conflict situations within organizations, organizational structures and can explain concepts of industrial relations (Adiapsari, 2012).

The results of the processing by using the lisrel program can illustrate the path diagram also resulted in an influence analysis.

1. The effect of Organizational Climate on Corporate Motivation

The regression equation is as follows:

$$Y_1 = 0.779 * X, \text{ Error Var.} = 0.361, R^2 = 0.369$$

$$(0.0886) \quad (0.0837)$$

$$9.021 \quad 4.310$$

Based on the structure equation and structure equation 1, it can be explained that the coefficient of the path variable of organizational climate to corporate motivation shows the result that the coefficient of the organization's climate path to corporate motivation of 0.799,

that is, if the organizational climate increases then the company's motivation will increase by 0.799 or organizational climate Will contribute to the company's motivation of 0.799.

The amount of total influence (coefficient of determination) organizational climate on corporate motivation expressed by the magnitude coefficient of determination is 63.9%, while the influence of other variables outside the model is equal to 36.1%.

2. The effect of organizational Climate on Organizational Commitment

The regresnya equation as follows:

$$Y_2 = 0.845 * X, \text{ Error Var.} = 0.286, R^2 = 0.714$$

(0.0874)	(0.0739)
9.667	3.874

Based on the equation of structure above, it can be explained that coefficient of organizational climate variable to organizational commitment show the result of coefficient of organizational climate path to organizational commitment is equal to 0.845, it means that if organizational climate increase hence organizational commitment will increase equal to 0,845, or organizational climate will contribute to organizational commitment of 0.845.

The amount of total influence (coefficient of determination) organizational climate to organizational commitment expressed by the magnitude of the coefficient of determination is 71.4%, while the influence of other variables outside the model is equal to 28.6%.

3. The effect of Corporate Motivation and Organizational Commitment on CSR

The regression equation is as follows:

$$Z = 0.408 * Y_1 + 0.563 * Y_2, \text{ Error Var.} = 0.563, R^2 = 0.794$$

(0.108)	(0.112)	(0.0837)
3.778	5.007	(2.463)

Based on the equation above structure and equation of substructure 3, it can be explained that the coefficient of independent variable to dependent is as follows:

- For the coefficient of the company's motivation to CSR of 0.408, it means that if the company's motivation increased by 0.408, the motivation of the company will contribute to the CSR increase of 0.408.
- For the coefficient of organizational commitment to CSR of 0,563, it means that if organizational commitment increase then CSR increased by 0,563, organizational commitment will contribute to CSR improvement equal to 0,563.

Based on the calculation of correlation and path coefficients that have been done, it can be known that the amount of direct or indirect influence, Corporate Motivation and Organizational Commitment to CSR. The direct effect of organizational commitment to CSR is 31.7%, while indirect influence through corporate motivation is 15.5%. This indicates that the direct effect is greater than indirect influence, so it can be interpreted that organizational commitment is greater directly affect the CSR it indicates that with commitment is a form of corporate concern to employees and society, with a high commitment then the company will Set aside income for the benefit of the staff and the community so that they will prosper. Thus, the influence of organizational commitment to CSR is influenced as 47.2%.

CONCLUSION

Data analysis gives the following conclusions:

1. Organizational Climate of PT Bakrie Sumatera Plantation, Tbk is on the criteria enough. The average value of indicators is almost all high except for indicators of clarity of the organization's goals. Such high indicators include: the level of employee participation in the development of the company, the organizational structure can accommodate the company's operational needs, the pressure on the achievement of objectives, the implementation of rules was done proportionally, the company's efforts to achieve goals, as well as the implementation of formal procedures according to procedures, while the lowest average dimension is a fair recognition and reward dimension, with indicators of reward rewards to outstanding employees and equity in compensation. It means that the organizational climate in PT. Bakrie Sumatera Plantation, Tbk has a high level of ideal and professional rules and structures and adequate facilities. However, in terms of recognition and fair rewards for employees has not run optimally. The results are in line with Expert Judgment which stated that the organizational climate in PT. Bakrie Sumatera Plantation Tbk is not yet optimal.
2. Company Motivation in Pt. Bakrie Sumatera Plantation Tbk is on sufficiently high criteria. The highest average value is in the intrinsic, caricature and philanthropic dimensions with indicators of each satisfaction, social and humanitarian grants while the lowest average is in the dimensions of citizenship, such as on self-enlightenment indicators and company policies. It means that the company's motivation in terms of intrinsic and extrinsic and philanthropic aspects is good. However, in terms of self-immersion and corporate policy is still not implemented optimally the results of research in line with Expert Judgment stated that the Motivation Company in PT. Bakrie Sumatera Plantation Tbk is not yet optimal.
3. Organizational commitment of PT. Bakrie Sumatera Plantation Tbk is on sufficiently high criteria. The highest average score is in the dimensions of affective commitment and ongoing commitment with indicators of employee engagement with high companies and the warmth of superior and subordinate relationships while the lowest average is in the dimensions of normative commitment, it is the indicator of a sense of pride to the leader and the sense of pride employees work on the company. It means that organizational commitment in terms of affective and sustainable commitment has improved. However, in terms of normative commitment, especially in terms of sense of pride and ownership of employees has not been implemented optimally. The results are in line with Expert Judgment which stated that Organizational Commitment in Pt. Bakrie Sumatera Plantation, Tbk not yet optimal.
4. Corporate Social Responsibility (CSR) Pt. Bakrie Sumatera Plantation, Tbk is on good enough criteria. The highest average value is in the dimensions of *profit and people* with indicators contributing to sustainable economic development, achieving the goal of sustainable profit and contribution to society in terms of the economic improvement felt by the community. While the lowest average is in the dimension of the planet (environmental sustainability), that is, the indicators use the power of business responsibly and the integration of social needs in a continuity. It means that the implementation of CSR in terms of profit (mutual benefit) and people (community welfare) is categorized has improved. However, in the case of sustainable implementation of the environment, especially in the case of responsible use of business power and the integration of social needs in a sustainable manner has not

been implemented optimally. The results are in line with Expert Judgment stated that CSR in Pt. Bakrie Sumatera Plantation, Tbk had not reached the optimal level in implementing CSR.

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