An Analysis of the Effect of the Social Dimensions of CSR on Corporate Image (A Study on Taman Nivea Family Care of PT Beiersdorf Indonesia)

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1. Introduction

Companies are the pillars and the activator of national economy. Their roles in economic growth are visible in employment generation, goods and services that fulfill people’s needs, and contribution is considerable. However, their activities in industry may cause environmental problems such as air and river pollution, deforestation, and other environmental damages. Those problems may arise if the corporate culture is dominated by profit-oriented mindset and behaviors.

Companies are legal entities subject to adaptation and environmental responsibilities; the latter can be materialized into corporate social responsibility (CSR) programs. The programs are the companies’ liability to protect, improve, and enhance the surrounding communities and environments where they are operating in. Their social responsibilities are transpired in their commitment to account the impact of their activities into economic, social, and environmental responsibilities. The aspects are known as the Triple Bottom Line concept proposed by Elkington (1994). CSR is mandatory for companies, stipulated in Article 74 section 4 of Law number 40 of 2007 concerning limited liability companies.

Besides its functions as stakeholder-related practices and policies, legal requirement fulfillment, and companies’ commitment to contribute to sustainable national development, CSR programs also aim to take and maximize opportunities to bring the companies closer to their customers. It is expected that the programs can create positive company images.

Laws and regulations requiring the companies to carry out CSR programs and build awareness regarding the program’s advantage for them are highly beneficial to local governments and people in general. There are currently many CSR programs directly affected by people, especially in big cities such as Jakarta and

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ABSTRACT

The implementation of Corporate Social Responsibility (CSR) in Indonesia is stipulated in Article 74 section 4 of Law number 40 of 2007. In addition to fulfilling legal aspect, CSR can be used as a strategy to improve company’s image. The purpose of this quantitative research is to assess the effect of the social dimensions of CSR on corporate image by conducting a study on Taman Nivea Family Care, which is the CSR of PT Beiersdorf Indonesia. The sample of this research was selected using purposive sampling with the criteria of (1) people who live in Greater Malang area (Malang city, Malang regency, or Batu city), (2) people who have visited Taman Nivea Family Care, (3) people who know that Taman Nivea Family Care is the CSR program of PT Beiersdorf Indonesia. This study uses primary data obtained from questionnaires and analyzed using multiple linear regression. This study finds that the social dimensions of CSR, i.e. society, corruption, public policy, anti-competitive behavior, and compliance, significantly influence the corporate image of PT Beiersdorf Indonesia. In general, the social dimensions of CSR have 55% influence on corporate image, while the remaining 45% is influenced by other variables outside the study. This indicates that the implementation of CSR to sustainably support social life is quite relevant to improve corporate image.

Keywords: Corporate Image; Corporate Social Responsibility; PT Beiersdorf Indonesia; Social Dimensions; Taman Nivea Family Care

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One of the companies that has conducted CSR programs is PT Beiersdorf Indonesia. The company, located in Singsosari in Malang regency, had built Taman Nivea Family Care in Merbabu street and handed its management to Malang city government in 2015 as a form of their social responsibility for wider communities.

2. Theory

2.1. Corporate Social Responsibility (CSR)

Hendrik Budi Untung in his book Corporate Social Responsibility defined CSR as the commitment of companies or business to contribute to sustainable economic development by addressing their social accountability and focusing on the balance between economic, social, and environmental aspects (Untung, 2008).

CSR programs are expected to help companies build and manage good relationships with all stakeholders. It is mentioned in Article 1 section 3 of Law number 40 of 2007 concerning limited liability companies that social and environmental responsibility means the commitment from company to participate in the sustainable economic development, in order to increase the quality of life and environment, which will be valuable for the company itself, the local community, and the society in general.

According to Alexander Dahlsrud (2006), there are five dimensions in CSR; they are:

1. environmental, which refers to natural prevention,
2. social, which discusses relationship between business and society,
3. economic, which explains socioeconomic or business and society,
4. shareholders, which explains business-stakeholder relationship, and
5. voluntariness, which discusses matters not regulated by law.

CSR performance is measured using certain variables, which according to Global Reporting Initiative (GRI) are as follows.

1. Economic
   1) Economic performance
   2) Market presence
   3) Indirect economic impacts
2. Environmental
   1) Material
   2) Energy
   3) Water
   4) Biodiversity
   5) Emission, effluents, and waste
   6) Products and services
   7) Compliance
   8) Transport
   9) Harmony
3. Labor
   1) Employment
4. Human rights
   1) Investment and procurement practices
   2) Non-discrimination
   3) Freedom to associations and collective bargaining
   4) Child labor
   5) Permanent and non-permanent labor
   6) Security practices
   7) Indigenous rights
5. Society
   1) Community
   2) Corruption
   3) Public policy
   4) Anti-competitive behavior
   5) Compliance
6. Product
   1) Customer safety and health
   2) Products and services labeling
   3) Marketing communication
   4) Customer privacy
   5) Compliance

2.2. Corporate Image

Image is the perception about an object acquired or shaped from information from various sources. According to Kotler and Keller (2013), image has four elements; they are:

1. personality;
2. reputation,
3. value, and
4. corporate identity.

2.3. Hypothesis Model

The hypothesis model of this research as follows
H1: Social in CSR’s social dimension significantly influences the corporate image of PT Beiersdorf Indonesia.

H2: Corruption in CSR’s social dimension significantly influences the corporate image of PT Beiersdorf Indonesia.

H3: Public policy in CSR’s social dimension significantly influences the corporate image of PT Beiersdorf Indonesia.

H4: Anti-competition in CSR’s social dimension significantly influences the corporate image of PT Beiersdorf Indonesia.

H5: Compliance in CSR’s social dimension significantly influences the corporate image of PT Beiersdorf Indonesia.

H6: All variables in CSR’s social dimension significantly influences the corporate image of PT Beiersdorf Indonesia.

3. Research Method

This study is an associative research, which aims to identify the relationship between two or more variables. Based on its data, this is a quantitative research because the data is in figures or figured data. This research was conducted at Taman Nivea Family Care, located on Merbabu street of Oro-Oro Ombo in Malang city from March to April in 2020 through online questionnaires.

The population of this study is visitors of Taman Nivea Family Care on Merbabu street of Oro-Oro Ombo in Malang city. This study uses non-probability sampling, a technique that does not give equal opportunities to all population elements or members to be the sample (Sugiyono, 2009). This technique was selected because the exact number of the population is unknown.

The sampling technique of this research is purposive sampling, which according to Jogiyanto (2007) is a sampling technique that incorporates certain criteria relevant with the research objective. The criteria of the sample are as follows.

a. Reside in Greater Malang (Malang city, Malang regency, and Batu city)

b. Have visited Taman Nivea Family Care

c. Know that Taman Nivea Family Care is the CSR program of PT Beiersdorf Indonesia.

4. Results

4.1 Respondents’ Characteristics

The number of respondents with the age range of 17-22 years is 93 (93%), and that of 23-30 is 7 (7%). Male respondents are 39 (39%), and the females are 61 (61%). Those who live in Malang regency is 20 people (20%), those who live in Batu city is one person (1%), and those who live in Malang city is 79 (79%). They are entrepreneur (one person or 1%), civil servant (one person or 1%), employee (one person or 1%), students (92 people or 92%), private employees (two people or 2%), entrepreneurs (three people or 3%).

4.2 Research Instrument Test Result

According to Ghozali (2016), research instrument validity can be measured by considering significance value with criteria. If the significance is lower than 0.05 (5%), the instrument will be declared valid, and if the significance is higher than 0.05 (5%), the instrument will be declared not valid.

The significance of all variable items is lower than 0.05 (α=0.05), so all variable indicators, both social dimension variables in CSR and the variables of corporate image, are valid.

Reliability test to assess the reliability of the data used in this research was conducted using the value of alpha reliability coefficient. The criteria of the decision making are that the variables will be reliable if the value of the alpha reliability coefficient is greater than 0.60 (Ghozali, 2016). The Cronbach alpha values of all variables are greater than 0.60, which means that all variables used in this study are reliable.

4.3 Classical Assumption Test Results

Normality test is used to determine whether the residual value derived from a regression is normally distributed. The test can be conducted by comparing the Kolmogorov-Smirnov value probability with 0.05 (5%) standard. If the value probability of the alpha coefficient is higher than 0.05, the residual value is declared normally distributed, and otherwise if the alpha coefficient value is lower than 0.05, the residual value is not normally distributed.

The result of the calculation is that the significance value is 0.888, or higher than 0.05. therefore, normality assumption is fulfilled.

Multicollinearity test is conducted to ensure that there is no strong relation or no perfect linear relation, or, in other words, the independent variables are not related. This test is conducted by comparing the tolerance value derived from the multiple regression calculation. If the tolerance value is lower than 0.1, multicollinearity will be declared not exist.
Heteroscedasticity can be detected using chart analysis by identifying certain patterns in the scatterplot. If the dots are scattered above and below Y axis, homoscedasticity occurs, and vice versa.

The test result indicates that the dots are scattered and do not form any certain pattern, this heteroscedasticity does not exist.

Linearity test is conducted to determine whether the dependent and independent variables have linear relations. Two variables are declared linear if the significance is $\geq 0.05$. Therefore, it can be concluded that there is a linear relation between variables, and vice versa.

### 4.4 Data Analyses

Based on the table above, the following regression equation is acquired.

$$ Y = 0.216 X_1 + 0.191 X_2 + 0.197 X_3 + 0.186 X_4 + 0.193 X_5 $$

The equation can be interpreted as follows:

1. The coefficient of $b_1$ is 0.216, which means that corporate image increases 0.216 unit for one unit increase in $X_1$ (society).
2. The coefficient of $b_2$ is 0.191, which means that corporate image increases 0.191 unit for one unit increase in $X_2$ (corruption).
3. The coefficient of $b_3$ is 0.197, which means that corporate image increases 0.197 unit for one unit increase in $X_3$ (public policy).
4. The coefficient of $b_4$ is 0.186, which means that corporate image increases 0.186 unit for one unit increase in $X_4$ (anti-competitive behavior).
5. The coefficient of $b_5$ is 0.193, which means that corporate image increases 0.193 unit for one unit increase in $X_5$ (compliance).

Based on the above interpretations, the social dimension variables in CSR positively influence corporate image, which means that improvements in the social dimension variables in CSR will be followed by improvements in corporate image.

To identify the contribution of social dimension variables in CSR as independent variable to corporate image as the dependent variable, the $R^2$ value is used.
Table 4.4 Coefficient of Determination

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<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
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<tbody>
<tr>
<td>0.757</td>
<td>0.573</td>
<td>0.550</td>
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Source: Researcher (2020)

The result of the adjusted R^2 (coefficient of determination) is 0.550, which means that 55.0% of corporate image is affected by the social dimension variables in CSR.

The F test is used to determine whether the independent variables simultaneously have a significant effect on the dependent variable.

Table 4.5 F Test

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<tr>
<th>Source: Researcher (2020)</th>
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Based on the table above, the F_{calculate} is 25.229 and the F_{table} (α = 0.05; db regression = 5; db residual = 94) is 2.311. Since the F_{calculate} is greater than the F_{table}, i.e. 25.229 > 2,311, or the sig F (0.000) < α = 0.05, the regression analysis model is significant.

The t test is used to determine whether each independent variable partially has a significant effect on the dependent variable.

Table 4.6 t Test

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Based on the table above, the following results are generated.

1. The t test between X_1 (society) and Y (corporate image) results in the t_{calculate} of 2.245, and the t_{table} (α = 0.05; db residual = 94) is 1.986. Since the t_{calculate} is greater than the t_{table}, i.e. 2.245 > 1.986 or sig. t (0.027) < α = 0.05, the effect of X_1 (society) on corporate image is significant.

2. The t test between X_2 (corruption) and Y (corporate image) results in the t_{calculate} of 2.129, and the t_{table} (α = 0.05; db residual = 94) is 1.986. Since the t_{calculate} is greater than the t_{table}, i.e. 2.129 > 1.986 or sig. t (0.036) < α = 0.05, the effect of X_2 (corruption) on corporate image is significant.

3. The t test between X_3 (public policy) and Y (corporate image) results in the t_{calculate} of 2.094, and the t_{table} (α = 0.05; db residual = 94) is 1.986. Since the t_{calculate} is greater than the t_{table}, i.e. 2.094 > 1.986 or sig. t (0.039) < α = 0.05, the effect of X_3 (public policy) on corporate image is significant.

4. The t test between X_4 (anti-competitive behavior) and Y (corporate image) results in the t_{calculate} of 2.172, and the t_{table} (α = 0.05; db residual = 94) is 1.986. Since the t_{calculate} is greater than the t_{table}, i.e. 2.172 > 1.986 or sig. t (0.032) < α = 0.05, the effect of X_4 (anti-competitive behavior) on corporate image is significant.

5. The t test between X_5 (compliance) and Y (corporate image) results in the t_{calculate} of 2.205, and the t_{table} (α = 0.05; db residual = 94) is 1.986. Since the t_{calculate} is greater than the t_{table}, i.e. 2.205 > 1.986 or sig. t (0.030) < α = 0.05, the effect of X_5 (compliance) on corporate image is significant.

Based on the results above, it can be concluded that each social dimension variable in CSR partially has a significant effect on corporate image.

5. Discussion and conclusion

Taman Nivea Family Park, which is the CSR program of PT Beiersdorf Indonesia, can fulfill the needs of social life. The park provides free sport facilities for the people. It also provides mini soccer field, jogging track, static bikes, and other exercise tools. The park is also used by the people to get together. In addition, the park, which is also one of the open green areas in Greater Malang can be used well by the people.

PT Beiersdorf Indonesia is a corruption, collusion, and nepotism-free company. The respondents have never found the company stumbled by tax problems. The company is also considered having clear and structured financial reports. Its reputation of not having corruption, tax, and financial problems influences its corporate image.

Taman Nivea Family Care, which is the CSR program of PT Beiersdorf Indonesia, is a proof of a good collaboration between the company and the policy maker, i.e. the government of Malang city. The park is a mutually beneficial partnership between the company and the government. The company benefited from the fulfilment of obligations to conduct CSR activities as stipulated in Law number 40 of 2007 concerning limited liability companies, and the government benefited from the presence of the park, which support the programs made by the government in supporting the needs of the people.
PT Beiersdorf Indonesia is a company that is proven able to survive and compete for a long time, from 1980s until now. The existence of companies engaged in the similar business is an evidence that PT Beiersdorf Indonesia has a healthy competitive market. Some of the company’s products are Nivea and Hansaplast, that have been used by people from time to time.

PT Beiersdorf Indonesia complies with the applicable regulations. One of the evidences is Taman Nivea Family Care. Its presence is one of the company’s efforts in fulfilling its CSR as stipulated in law number 40 of 2007 concerning limited liability companies. The company has also had a clear operation permit and standard operating procedure.

The social dimension variables in CSR, which includes society, corruption, public policy, anti-competitive behavior, and compliance, simultaneously influence corporate image. The social dimension in CSR contributes 55% to the corporate image, and the remaining 45% is affected by other variables not included in this research.

PT Beiersdorf Indonesia knows how to acquire and improve the good image, which is by conducting CSR activities through Taman Nivea Family Care, which is located in Malang city. The park is considered able to support public activities in general. The company’s CSR activities represent its commitment to the wider society, particularly people of Greater Malang.

Based on the research discussion, the following conclusions were made.

1. The social dimension in CSR, which consists of society, corruption, public policy, anti-competitive behavior, and compliance, has simultaneous effect on corporate image.
2. The social dimension in CSR, which consists of society, corruption, public policy, anti-competitive behavior, and compliance, has partial (individual) effects on corporate image.
3. Society is the most dominant variable of all variables influencing corporate image.

Based on the discussion results, several following matters that are expected to be beneficial for the company and other parties were suggested.

1. PT Beiersdorf Indonesia should maintain and improve its services in CSR’s social dimension because the included variables greatly influence its corporate image. The company should conduct more CSR activities similar to the establishment of Taman Nivea Family Care and other CSR activities that support the community’s social activities to improve its corporate image even more.
2. Since the independent variables in this study are crucial in affecting corporate image, the findings of this study are expected to be used as a reference for other researchers to continue this research by

References


