The Influence of Corporate Social Responsibility on Company Image at PT Pupuk Iskandar Muda Dewantara District, North Aceh

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Article Info

ABSTRACT

This study aims to determine the effect of Corporate Social Responsibility (CSR) on the corporate image of PT Pupuk Iskandar Muda in Dewantara District, North Aceh Regency. This research uses quantitative methods with sampling techniques using the Slovin formula from the population of CSR program beneficiaries, so that 100 respondents are obtained as samples. Data were analyzed using simple linear regression with the help of SPSS software version 20.0. The results of the analysis show that the CSR variable has a positive and significant influence on the company's image, with a regression coefficient value of 0.716 and a significance level of 0.000 ($p < 0.05$). The coefficient of determination (R^2) of 0.669 indicates that 66.9% of the company image variable can be explained by the implementation of CSR, while the rest is influenced by other factors outside this study. This finding is in line with CSR theory by Suhandari M. Putri (2009) and corporate image theory by Kotler and Keller (2016), and reinforced by previous research that shows the importance of CSR in shaping positive public perceptions of companies. Thus, it can be concluded that a good and sustainable CSR implementation contributes significantly to strengthening the positive image of PT Pupuk Iskandar Muda in the eyes of the community.

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INTRODUCTION

In the era of globalization and increasingly competitive business competition, corporate image is one of the strategic factors in building a sustainable competitive advantage. A positive image not only reflects the company's reputation in the eyes of the public, but also strengthens consumer loyalty, increases brand value, and forms a good perception of stakeholders. One way to build and maintain a corporate image is through the implementation of corporate social responsibility (CSR) practices.

In Indonesia, the implementation of CSR has obtained a strong legal basis, among others through Law No. 40 of 2007 concerning Limited Liability Companies and Law No. 25 of 2007 concerning Capital Investment. Both regulations require companies to implement social and environmental responsibilities, especially for companies whose business activities are related to natural resources. In practice, CSR has become more than just legal compliance, but also a company's strategy in establishing harmonious relationships with the community and improving the sustainability of its operations.

According to Davis (2009), the larger the scale of a company, the greater the social responsibility it must bear towards the environment and the surrounding community. This is reinforced by Suhandari's view (in Utung, 2009) which states that CSR is the commitment of the business world to contribute to the development of the economy.

LITERATURE REVIEW
Corporate Social Responsibility (CSR) (X)

Contributions made by companies in sustainable economic development with regard to corporate social responsibility and emphasize on the balance between attention to economic, social, cultural aspects. (Suhandari M. Putri, Schema CSR 2009).

CSR indicators:
1. Economic Performance
2. Environmental Performance (environment performance indicator)
3. Labor Performance (labor practices performance indicator)
4. Human rights performance indicator
5. Social performance indicator
6. Product performance (product responsibility performance indicator).

Company Image (Y)

Company Image according to Kotler and Keller (2016) is the impression that a person feels about an object or item or organization as a whole which will then be stored in the memory of consumers.

Company Image Indicators according to Kotler and Keller (2016)
1. Personality
2. Reputation
3. Value
4. Corporate Identity

METHOD

The research location chosen in this study is PT Pupuk Iskandar Muda (PT PIM) which is located on Medan-Banda Aceh Road, Dewantara District, North Aceh Regency, Aceh Province. This location was chosen because PT PIM is one of the national strategic industrial companies in the field of fertilizers and petrochemicals operating in the North Aceh region. PT PIM has an important role in encouraging regional economic development and carrying out corporate social responsibility (CSR) targeting the surrounding community, especially in the fields of education, health and the environment.

The approach in this study uses quantitative methods. Quantitative research relies on data collection in the form of numbers from measurements, therefore in this study statistics play an important role as a tool for analyzing answers to problems. The type of quantitative research used in this study is descriptive research. Descriptive research is research intended to investigate circumstances, conditions or other things that have been mentioned, the results of which are presented in the form of a research report.

In this study using a sampling technique, namely the Propotionate Stratified Random Sampling technique. Propotionate Stratified Random Sampling is a technique used when the population has members / elements that are not homogeneous and proportionally stratified.

To determine the research sample from the population, the author uses the Slovin formula, the Slovin formula is used because it makes it easier for researchers to determine the size of a representative sample of the population efficiently, especially when the population is known and large. The Slovin formula is as follows:

$$n = \frac{N}{1 + Ne^2}$$

$$n = \frac{504}{1 + 504\,(0,10)^2} = 99,8$$

From the results of the calculation using the Slovin formula above, the sample needed in this study was rounded up to 100 respondents. The technique used in this research is simple linear regression analysis in this study using the help of the SPSS Statistics 20.0 for windows program.

Y = a + bx

RESULTS

PT Pupuk Iskandar Muda (PIM) is a subsidiary of PT Pupuk Indonesia (Persero) which was established based on Notarial Deed of Soeleman Ardjasasmita, SH number 54 on February 24, 1982, and several times improved and most recently with Notarial Deed of Lumassia SH, No.10 dated August 30, 2019. PIM has two units of urea and ammonia fertilizer plants, namely the PIM-1 and PIM-2 plants. The PIM-1 plant with an ammonia production capacity of 330,000 tons per year and urea of 570,000 tons per year, was built from 1982 to 1984, inaugurated on March 20, 1985 and operated commercially since April 1, 1985. While the PIM-2 plant with Ammonia production capacity of 396,000 tons per year and Urea of 570,000 tons per year began construction on March 23, 1999 and has been operating since August 15, 2005.

After undergoing several changes and the last change was by Notarial Deed No.1 dated January 2, 2012 from Notary B.R.A.Y. Mahyastoeti Notonegoro, S.H., concerning changes in the authorized capital, issued and fully paid capital of the Company based on government regulation No. 54 dated December 22, 2011 concerning the statement of capital of the Republic of Indonesia into the shares of PT Pupuk Iskandar Muda which was subsequently transferred entirely into the share capital of the company (Persero) PT Pupuk Sriwidjaja. The notification of the amendment to the articles of association was approved by the Minister of Law and Human Rights of the Republic of Indonesia based on Decree No. AHU-0073.AH.01.02 dated January 5, 2012. Furthermore, changes in the composition of the company's shareholders through Notarial Deed Nanda Fauz Iwan, SH, M. Kn No. 02 dated July 3, 2012 in connection with the change in the name of the company PT Pupuk Sriwidjaja (Persero) to PT Pupuk Indonesia (Persero), so that the composition of the share capital of PT Pupuk Indonesia (Persero) as many as 2,225,664 shares (99.99955%) and PIM Employee Welfare Foundation as many as 10 shares (0.00045%).

Description of Respondents

This study involved 100 respondents who were recipients of PT PIM's CSR program. The characteristics of respondents in this study were studied based on four categories, namely gender, age, and occupation.

By Gender

A total of 40 respondents (40%) were male and 60 respondents (60%) were female. The number of female respondents is more dominant because the majority of beneficiaries of PT Pupuk Iskandar Muda's CSR program are women, who are generally more active in social, educational, and environmental activities.

Based on Age

Most respondents were in the age range of 17-25 years old as many as 66 people (66%), 25-40 years old as many as 32 people (32%), and above 40 years old as many as 2 people (2%). This younger age group is more responsive to social issues and more active in voicing opinions about CSR programs, especially on social media.

Based on Occupation

The majority of respondents are students, 63 people (63%), followed by housewives and traders, 16 people (16%) each, laborers 3 people (3%), and farmers and fishermen 1 person (1%) each. Students are the dominant group that plays an important role in shaping public perception of PT PIM's CSR program because of their concern for sustainability and social issues.

Simple Linear Regression Analysis

Before conducting a simple linear regression analysis, first an instrument test is carried out, namely the validity test and reliability test. Based on the validity test, all instruments (question items / indicators) are declared valid, so they are suitable for use as research instruments. Meanwhile, based on the reliability test, the questionnaire used for each variable is declared reliable or reliable as a variable measuring instrument.

In addition to conducting instrument tests, classical assumption tests were also carried out which included normality tests, and heteroscedasticity tests. Based on the classical assumption test, it is concluded that the data is normally distributed and there is no heteroscedasticity. The table below shows the simple linear regression results:

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,072	2,638		,027	,978
	Corporate Social Responsibility	,716	,051	,818	14,068	,000

a. Dependent Variable: Citra Perusahaan

Based on the table, the constant value is 0.072, which means that if Corporate Social Responsibility (CSR) is not implemented (X = 0), then the Company Image (Y) remains at 0.072. Meanwhile, the CSR regression coefficient value of 0.716 indicates that each increase in CSR by one unit will increase the company's image by 0.716 units. The significance value of 0.000 which is smaller than 0.05 indicates that the effect of CSR on corporate image is significant. Thus, it can be concluded that the implementation of CSR by PT Pupuk Iskandar Muda has a positive and significant influence on improving the company's image in the eyes of the community. The regression equation model obtained is: Y = 0.072 + 0.716X.

Hypothesis Testing

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,072	2,638		,027	,978
	Corporate Social Responsibility	,716	,051	,818	14,068	,000

a. Dependent Variable: Citra Perusahaan

Based on the t-test results in the table above, it is obtained that the t-count value is 14.068 with a significance value of 0.000. Meanwhile, the t-table value at a significant level of 5% (n = 100) is around 1.984. Since the t-count (14.068) > t-table (1.984) and the significance value <0.05, it can be concluded that Corporate Social Responsibility has a positive and significant effect on Company Image at PT Pupuk Iskandar Muda.

This means that the better the implementation of the CSR program by PT PIM, the more positive the company's image will be in the eyes of the public. A consistent and targeted CSR program is able to create the impression that the company cares about the community and the environment, thereby strengthening public trust and positive perceptions of the company.

Correlation Coefficient

Correlations

		Corporate Social Responsibility	Citra Perusahaan
Corporate Social Responsibility	Pearson Correlation	1	,818**
	Sig. (2-tailed)		,000
	N	100	100
Citra Perusahaan	Pearson Correlation	,818**	1
	Sig. (2-tailed)	,000	
	N	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Coefficient of Determination

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,818^a	,669	,665	2,350

a. Predictors: (Constant), Corporate Social Responsibility
b. Dependent Variable: Citra Perusahaan

Based on the table, the R value (correlation coefficient) of 0.818 indicates that there is a strong relationship between Corporate Social Responsibility (CSR) and Company Image. The R Square value of 0.669 or 66.9% means that 66.9% of the variation in the Company Image variable can be explained by the Corporate Social Responsibility variable, while the remaining 33.1% is influenced by other variables not included in this research model.

Thus, it can be concluded that CSR has a considerable influence in shaping the image of PT Pupuk Iskandar Muda in the eyes of the community, especially the beneficiaries of the CSR program. Consistent and targeted CSR implementation contributes greatly to building a positive perception of the company.

CONCLUSION

Based on the results of research on the influence of Corporate Social Responsibility (CSR) on the company's image on recipients of the CSR program PT Pupuk Iskandar Muda (PT PIM), it can be concluded that the implementation of CSR has a positive and significant effect on the company's image.

The regression analysis results show a coefficient value of 0.716 with a significance of 0.000, and a determination value (R^2) of 0.669, which means that 66.9% of changes in company image are influenced by the implementation of CSR. This shows that PT PIM's CSR programs, whether in the fields of education, health, economy, or environment, contribute directly to shaping the community's positive perception of the company.

Thus, CSR is not only a form of social responsibility, but also an important strategy in building and strengthening the company's image in the eyes of the public.

Suggestion

Based on the research results and conclusions previously described, the researcher provides several suggestions that can be taken into consideration:

1. PT Pupuk Iskandar Muda is advised to continue to develop and expand the implementation of CSR programs in a strategic and sustainable manner. Special focus can be given to programs that directly touch the needs of the community, such as local economic empowerment and environmental preservation. CSR activities that are consistent, transparent, and have a real impact will further strengthen the positive public perception of the company.

2. Companies need to maintain and improve the positive image that has been formed in the community through effective communication and active involvement in social issues around operational areas. Improving the company's image can be achieved by aligning corporate identity, corporate values, and corporate personality in every CSR activity, so that the community views PT Pupuk Iskandar Muda as a responsible entity that cares about its social environment.

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