Reach sustainability through Corporate Social Responsibility (CSR)

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Abstract. The utilization of natural resources and the environment to improve the community’s welfare is an unavoidable choice. The environment used should still protect the environment. This study aims to provide an overview of the company’s efforts to implement its obligation to preserve the environment using a different type of Corporate Social Responsibility (CSR) program, which were community development and green marketing. The method used was a survey by taking the population at two different places, Jakarta and Pangkal Pinang. The sampling technique was done using a purposive method to obtain samples that meet the company’s CSRreceiver’s criteria. The number of the respondent from the first population is 44 respondents and from the second population is 100 respondents. Data analysis was done using simple and multiple linear regression. The results showed that CSR’s implementation had a significant impact on education, health, and poverty reduction. CSR activity by the company was accepted by society activities directly in the form of counseling and mentoring. CSR activities conducted on marketing activities by implementing Green Marketing found that pricing and promoting an environmentally sound positive impact on consumers’ willingness to buy back the product. In contrast, the product is not significantly influential.

1. Introduction

The debate on using natural resources to improve human welfare by maintaining environmental quality continues to occur. Both approaches are more taken, namely the use of natural resources while maintaining environmental quality. Therefore, the Indonesian government passed Law No. 40 of 2007 regarding Limited Liability Company, which in Article 74 states the responsibility of a limited liability company with the social and environmental. The company conducts its business activities in the field and is related to natural resources required to conduct social and environmental responsibility. Liabilities are expressed by budgeting and estimating the cost of implementing these responsibilities as the company’s cost and carrying out these responsibilities well. Violation of this legislation will result in the imposition of sanctions by law.

The social and environmental responsibility of companies is expressed in Corporate Social Responsibility (CSR) activity. Kotler [1] defines CSR as “a commitment to improving community well-being through discretionary business practices and corporate resources contribution”. From the definition, companies’ CSR implementation is not caused by their rules, but more due to the awareness to contribute to social welfare and the environment.
Conduct of business, especially non-renewable natural resources as raw materials, will impact the environment. The principle of scarcity in the economic analysis would determine the availability of raw materials needed. Acceptable impact the environment was not only natural resource depletion but also a decline in environmental quality.

Implementation of CSR is an obligation for the company to demonstrate the company’s commitment to the environment. In the last decade, there was a shift in CSR. A shift of the company’s obligation to the environment and surrounding communities became its business strategy to achieve business objectives. This form of CSR implementation strived to integrate with the company’s goals, so it is not seen as a source of costs that do not contribute to achieving the objectives of profit maximization.

CSR implementation could be a community development activities, green marketing activities, services to disabled customers, employee diversification, occupational health and safety improvement, suppliers encouragement, honest public information, periodically auditing, and reporting to the community [2]. In choosing the type of implementation, the company need to have a person in charge that have a capability as public relation practitioners and could more able to keep up with the shifting situation such cultural changes or government regulation [3].

CSR implementation by mining company mostly in the community development activities and this strategy is taken by tin mining in Pangkal Pinang. The community development activities already implement one year, and this research could give feedback. For research in the cosmetic company, green marketing has already been implemented for several years and in several countries, but this study shows Jakarta’s impact. Based on the research of [4] in Gorontalo, consumer purchasing decisions are influenced by green marketing. This study views CSR programs’ impact on community development, occupational health, education improvement, and green marketing on consumer re-purchase intention. This study’s problem was (1) What was the CSR program’s impact as a community development program on society? Furthermore, (2) What was the impact of the CSR program as green marketing on society?.

Term sustainability and sustainable development are already well known. However, only a few know something about its content and discourse [5]. The word sustainability is derived from the Latin sustinere. For humans, sustainability is the long-term management capacity, which has environmental, economic, and social dimensions and encompasses resource users’ responsible management. In ecology, sustainability describes how biological systems remain diverse and productive over time [6].

However, sustainable development is a pattern of urban, social, and economic growth with the ability “to meet the needs of the present without compromising future generations’ ability to meet their own needs” (World Commission on Environmental and Development, The Brundtland Report, 1987). Therefore, sustainability represents the great goal of life survival on earth, and it is associated with biological and social systems resilience, while sustainability development is the pathway to sustainability [7].

The definition of sustainability may take further. It is widely accepted that to achieve sustainability, there should be a situation where there is a balance in economic, environmental, and social factors in equal harmony. It is showed in Figure 1.
Social sustainability is society’s ability, or any social system, to persistently achieve good social well-being. Social sustainability could be achieved by meeting people’s basic needs, such as human rights, health, education, equality, etc. [9]. Economic sustainability requires that a business or country use its resources efficiently and responsibly to operate sustainably to produce an operational profit consistently. Without an operational profit, a business cannot sustain its activities. Without acting responsibly and efficiently using its resources, a company will not sustain its activities in the long term. Thus, only through balancing economic, social, and environment people can achieve the true meaning of sustainability [7].

For social sustainability, the company has an obligation to paid society as its responsibility to the environment through the CSR program. According to the World Business Council in Kotler, 2005, CSR’s definition is ‘business’ commitment to contribute to sustainable economic development, working with employees, Reviewing their families, the local community, and society at large to improve reviews quality of life. This definition shows that CSR’s implementation reaches or exceeds the needs of the ethical, legal, business, and society’s expectations of the business activities are carried out.

Implementation of CSR is not just a corporate responsibility, but must also consider the impact on its economic, environmental, and social. To carry out CSR well and have a good impact on the company will require good communication with the parties that will be instrumental in CSR implementation. The most critical success factor in implementing CSR in China’s textile industry is a government initiative, and the lowest is societal support [10].

The environmental pillar of Triple-Bottom-Line has, namely, been the focus of the sustainability discussion. Nowadays, social value has been highlighted, which has not been done satisfying in the past. According to [11], social sustainability could be achieved by meeting people’s basic needs of employment, food, energy, water, sanitation, etc. If this is to be done sustainably, then there is a definite need for a sustainable population level.

Social sustainability could be by using green marketing. Green marketing is the activities taken by firms concerned about the environment or green problems by delivering environmentally sound goods or services to create consumers and society’s satisfaction. As proposed by marketing scholars, other green marketing definitions include social marketing, ecological marketing, or environmental marketing [12].

The American Marketing Association (AMA) defines green marketing as the marketing of products presumed to be environmentally safe. Green marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants. The satisfaction of these needs and wants occurs, with a minimal detrimental impact on the natural environment [13].

Green marketing consists of a wide range of business activities that intend to satisfy customers’ needs and wants and diminish the negative impacts on the natural environment [14]. According to

![Figure 1. Triple Bottom Line for Sustainability Development [8].](image-url)
green marketing consists of green products, green price, and green promotion that likely influence customer for buying. In general, green marketing’s main objectives were to minimize industrial manufacturing’s environmental hazards and strengthen the corporate eco-centric image [16].

2. Method
This study used a survey method by taking the two populations: 1st sample a society at Pangkal Pinang and 2nd sample society in Jakarta. That society as a society that got the two companies’ CSR, namely tin mining company [17], and cosmetic companies [1876]. The sampling method was purposive, with the respondent’s criteria for the 1st sample who received the tin mining company implemented CSR activities with some samples as many as 44 samples. Criteria of the respondent for 2nd sample of 100 samples were consumers, whoever or always use cosmetic products produced by the cosmetic companies. The analysis technique used was simple and multiple regression to get the effect of CSR’s implementation to the development of education, health, and poverty-reducing and to know the effect of variable green marketing and environmentally sound against the desire to buy the product back.

3. Results and discussion

3.1. Result in tin company CSR program
CSR implementation by the lead company activities includes scholarships, provision of health facilities, and economic assistance to improve the community’s welfare. CSR activities have a significant impact on the state of education, health, and poverty reduction. The results of a simple regression equation obtained are as follows:

\[
\text{Education} = 2.113 + 0.490 \text{ Corporate Social Responsibility} \\
\text{Health} = 1.331 + 0.696 \text{ Corporate Social Responsibility} \\
\text{Poverty} = 1.481 + 0.737 \text{ Corporate Social Responsibility}
\]

The three simple regression models showed a statistically significant effect. However, if observed, the model’s ability to predict education, health, and poverty reduction will be seen that the first model (model of education) is not a good prediction model because it has an adjusted R-square of 22.4 percent.

In this research, the CSR Program’s education in terms of skill and competencies is represented by the entrepreneurship management training program and skills training motivation program. The impact of these modules could not show in a short time. This education program could empower those people who have limited power to access business opportunities. They might be uneducated or do not have academic knowledge. Still, by entrepreneurship management training programs and skills training motivation programs, they have been prepared to receive good teaching and motivation to support them mentally and financially. The CSR program has been prepared with skills and competencies; therefore, they could have the same access to work optimally. They could create something as more unique and something new as one of their competitive advantages. By having optimal work, they are expected to have a better life.

When people have a better life, it could be seen one of them is by a higher level of income, and when people have higher-income people will tend to work more as they have desired to maintain and improve the standard of living. The researcher’s interpretation is similar to [19] that found CSR in education enables communities to participate in the decision-making process impacting their lives to achieve greater long-term control over their quality of life. People who maintain the quality of life will be able to involve him/her self to make an effort to help others and making a better world to live. A better world to live in means that they will act responsibly based on a future-oriented, sustainable pathway.

The R square for the health model shows that 60.4% of the health variance could be described and explained by corporate social responsibility. This explains that we could accept the model, as CSR has a strong power to determine health variance. The existence of mining operations aware of the impact
on water and air pollution. Therefore, people in Pangkal Pinang still could enjoy clean air and water consumption. The construction of public facilities such as mosque contributes to motivating and directing people to live by values and create good mental health.

Along with medical assistance and health seminar, supported people in Pangkal Pinang to have physical well-being, supporting the body to be healthy. Mental health and physical well-being are the basic needs of a human right. Those indicate that one can maintain themselves, their temperament, intelligence, and behavior support them to tend to be happy and adapt according to the society, which is indicators for the good quality of life.

From the third model, the CSR program was maintained reef regeneration programs in former mining. Manufacturing of fish trap and attractor squid, medical assistance, boats, and nets for fishing as well as the development of appropriate housing, Entrepreneurship Management Training program and Skills Training Motivation program, construction of public facilities, medical assistance and health seminar program for people in Pangkal Pinang has given an impact towards their poverty level. This could be explained in several ways; income level higher than minimum wage, a dietary habit that shows at least two times eat in a day, consuming four healthy foods, ownership of the permanent residence, developing job, and different outfits for activities. Simple regression given the relation if the value of corporate social responsibility goes up by 1 unit while the other variable is constant, the poverty level is predicted to go up by 0.737 unit. The equation explains that corporate social responsibility can enable sustained economic growth to fulfill basic needs. On its result, R square shows that 61.2% of the variance in poverty could be described and explained by corporate social responsibility.

From those three models, the impact on education, health, and poverty reduction could not separate each other. The Entrepreneurship Management Training program and Skills Training Motivation program would influence society to increase their knowledge about entrepreneurship and give the confidence to start a new business.

3.2. Result cosmetic company CSR Program
Multiple regression from the analyzing was:

\[
\text{Consumer Re-Purchase Intention} = -0.553 + 0.140 \text{ Green Product} + 0.356 \text{ Green Price} + 0.541 \text{ Green Promotion} + e
\]

The constant and variable green products were not significant from that model, but variable green and green promotion were significant. According to [20], the CSR program could increased customer trust to buy back the product. If customers already build by-products, the product itself would not be given more intention to re-purchase. From [20], the CSR program is done at Yogyakarta after the earthquake got that CSR program affected customers’ attitudes toward the firm. That attitude fully mediates the relation between belief and purchase intentions toward the product produced by the company.

Variables green price and green promotion had a positive effect on the re-purchase intention of the customer. Green prices would have higher than conventional prices because green prices needed to accommodate green activity in the material and production process. For variable green promotion, the promotion was something that can be seen directly by consumers. That has made customers would get a good, environmentally feeling. One example of green promotion applied in November – December 2015, this company held an event for Christmas collections and introduced their new gift finder tool. The company had teamed up with Water Aid, so every gift consumers purchase would spread love across the world to people who need it most. For every specially selected gift sold this festive season, the company made a contribution of 4.4 p to Water Aid, which can provide an Ethiopian family with a day’s supply of safe water (thefodyshop.co.uk).

Based on [22], the green marketing mix influenced loyalty through consumer satisfaction higher than the green marketing mix influenced loyalty directly. Green marketing mix customer satisfaction influenced to customer loyalty, which could show re-purchased intention.
4. Conclusion
For Tin company, CSR’s implementation in community development activities has a significant positive impact on education, health, and poverty reduction. The CSR program in health made increasing the well-being of society. The CSR program empower society to prevailing of living in a given societal context which is income level higher than minimum wage, dietary habit, consuming four healthy foods, ownership of the permanent residence, developing job, and different outfit for activities. There was no significant partial influence from green product towards consumers’ re-purchase intention for a cosmetic company, but green price and green promotion significance influenced consumers’ re-purchase intention.

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