



Synergistic Effects of Social-Business on CSR Programs

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ABSTRACT: Controversy results of research on the relationship of CSR to the company's performance had resulted a positive and negative effect. It can decrease the motivation of companies in order to develop CSR optimally. This controversy can lead to the implementation of CSR forward facing many obstacles. The results of this literature review aims to provide a strong theoretical basis. Real social mission can provide a synergistic effect, the social mission run by the company through CSR programs is able to support or strengthen the business mission being held by the company or even increase profits. Based on the research of some empirical research, it shows that CSR is applied into a strategy which supports the company's main business activity and also can increase profits for the company. This finding is expected to strengthen the motivation of business practices to be more careful in designing CSR as an appropriate strategy in order to support of the company's main business activities as a synergistic effect socially and businesses.

Keywords: CSR (Corporate Sosial Responsibility), Strategy, Synergistic Effects Social-Business.

I. INTRODUCTION

Controversies in the result of many studies around the positive or negative effect of the practices of CSR (Corporate Social Responsibility) towards the company's performance remain arising. This circumstance gives chances for scholars to conduct more research deeply. New findings and conclusions can be made against the controversies. Whenever the latter condition takes place, there would be many more-effectively designs of CSR programs for the sake of hindering companies from their negative effects, leading them to the positive effects which are to boost the company's performance (Tontowi, 2013) [1]. Controversial research shows that a negative correlation between social performance to financial performance of which is the research conducted by; Chand, 2006; Bromiley & Marcus, 1989; Davidson, et al., 1987; Davidson & Worell, 1988; and WER, 1983, (in Raharja, 2010)[2], while the positive correlation between social performance with financial performance; Bowman, 1978; Coven, et. al., 1987; Fry, 1982; Ingram, 1978, Moskowitz, 1972, 1975; Spencer and Taylor, 1987; Sturdivant and Ginter, 1977; Waddock and Gravs, 1994;(in Raharja, 2010)[2]. Research Henderson (2007) also resulted in the finding that in a study obtained evidence of confusion between commercial activities and activities that are "given" that need to be known and studied by the manager, so running CSR (Corporate Social Responsibility) for the company as being on the choice of a crossroads, between the road to achievement gains or street for charity. As if the road is impassable at the same time. Although the results of research on CSR still generates controversial findings, it is still many companies today which face CSR as an area of critical concern. If you do not pay attention to CSR, they are worried about growth and development of the company could be threatened[3].

Results of research conducted in Indonesia by Deka Marketing Research indicate that consumer's awareness on environmental issues is high. 61.8% of respondents in the survey stated that they are very concerned for environmental issues. While, 37.3% of respondents said that they are sufficient care. Therefore, almost all of the respondents are concerned for environmental issues. The results of the survey also show that consumers have already conduct a real action for companies who do not care about the environment. Action consumers reject products or brands for some reasons relating to the environment is already quite a lot, which is about 26%. This amount may increase in size for the future. Therefore, many of them are being considered to rejection (27%), if a company is caught is not concerned with the environment. Data goes on to explain, it turns out 10% of consumers are willing to pay more for a product that is produced in a way that is socially and environmentally responsible manner. This is reflected by the 32.2% of respondents strongly agreed to the statement. While respondents tend to agree with that statement amounted to 41.5%. In contrast, it means that a total of 73.7% of respondents were in answer to agree. By analyzing this data, the company should actually be more concerned with less CSR, so the company can continue to grow and develop. There will be a defense to

companies that implement CSR and there may be a rejection for companies that do not implement CSR well. In addition, the CSR value products can be sold more expensive than the products sold by not worth the CSR, and some consumers to consciously accept the difference in selling price[4].

Although the commitment of support and defense of consumers against companies that implement CSR higher, some management companies do not necessarily have the same commitment. Companies that have a low commitment to the implementation of CSR because they have the view that CSR is a burden for the company, because they have set aside for the benefit of corporate profits outside the company or it has not found a strategy of how to implement CSR which is capable for providing a synergistic effect of social-business for the company. It is not only the charity, but also provide a business advantage.

In general, firms in Indonesia in the implementation of CSR merely sponsorship, charity, donation, concern for the environment and the fulfillment of social activities because of the demands of ethics and law. It is like a sponsorship from cigarette companies, such as Gudang Garam, Djarum, Bentoel, and etc. Sampoerna and Bakrie Foundation which provides scholarships. PT Inco as the largest foreign company in exploration origin Canadian nickel operations in Indonesia establishes strategic partnerships with stakeholders by conducting awareness in the areas of health, education and training, social issues, culture, arts and sports. PT Freeport Indonesia, copper and gold mining company operating in Mimika, Papua provides around 1% of their gross revenues to support village-based programs as a form of concern based on the needs of local communities. PT Berau Coal which is developing society as one form of social investment in the environment. PT Pertamina (Persero) UP IV Cilacap has some social responsibility programs, namely: do not damage the natural environment, promote education, employment opportunities, mentoring and credit for small and medium enterprises, which essentially improve the welfare of surrounding communities so as to create a harmonious relationship in the business. PT Riau Andalan Pulp and Paper Indonesia, under the banner of the Asia Pacific Resources International Holding Limited Group (APRIL), based in Singapore, has a lot of cooperation and mutual support and also benefit of doing business in various sectors, especially improving quality of life, etc.

Based on the above background, it is necessary to reference that the CSR program can be improved not only on the participation of the company to carry out a social mission for the community and environment. Besides that, CSR practices should also be able to support the company's core business and provide business benefits. If the results of CSR practices can be formulated so as to contribute synergistically, then the business practitioners will be more motivated to develop CSR massively. A further advantage, the community and the company will at once feel benefit of mutual support, both social and business profits .

II. OBJECTIVES

This research is conducted to find out a strong theoretical foundation that the CSR programs of the company can be developed into a program which is able to provide a synergistic effect of social and business simultaneously.

III. METHODOLOGY

This study is a literature study. The literature study is used as a source -the results of empirical research on CSR which has resulted in findings that CSR has a positive impact on company performance. From the research results are then explored in more depth what the arguments underlying the findings, so that the CSR programs affect the performance of the company. Argument are-these arguments serve as the basis for the theory affirms that CSR programs can provide a synergistic effect of social-business for the company.

IV. FINDINGS EMPIRICAL RESEARCH RESULTS ON CSR

The findings of empirical research results are used as a reference are as follows:

1. Research conducted by Bryan W. Husted and David B. Allen, (2007) entitled "Strategic Corporate Social Responsibility and Value Creation Among Large Firms Lessons from the Spanish Experience". This study is a continuation of research conducted by previous researchers Burke and Logsdon, and produced findings that CSR strategic management could actually boost the company's profits. Furthermore, they explained that CSR can be integrated into the company's processes to create the resources (assets) and the capability that is able to bring the company to the level of competitive advantage and high economic performance[5].
2. Research conducted by Shuili Du, C. B. Bhattacharya and Sankar Sen (2007) entitled: "Reaping relational rewards from corporate social responsibility: The role of competitive positioning". This study examines the moderating influence of the degree to which social initiatives for the brand integrated into its competitive position (i.e. the position of CSR) to the reaction of consumers on CSR. The findings in this study stated that the positive belief that consumers have on CSR is not only associated with a tendency to purchase more but also with longer-term loyalty and purchase behavior. It argues that the real strengthening CSR activities will have positive influence on performance. Other findings in this study stated that a brand that positions itself in the CSR, which integrates CSR strategy with its core business strategy, have a tendency to reach a particular advantage in the realm of consumer CSR compared with brands that engage only in the realm of CSR[6].

3. Research conducted by Oliver Falck and Stephan Heblch (2007) entitled "Corporate Social Responsibility: Doing well by doing good". This study was able to show that by practicing CSR strategically, a company can "do well by doing good", in other words, a company can make a profit at the same time our hands to the world a more beautiful place to live at the same time. The final results of this paper provides an understanding, that the implementation of CSR does not necessarily do a good deed without regard myself, but CSR is seen as a way for companies and people became both parties equally prosperous. Heblch writings by Falck and this provides a strong rationale to deny that CSR is not able to contribute to support the company's performance or just being operating expenses to be borne by the company. From this work, has laid the foundation strong argument that if CSR is managed appropriately not only improve the well-being outside the company but also internal bias improve the welfare of the company[7].
4. Research conducted by Lee, Jangwoo and Danny Miller (1996), entitled "Strategy, Environment, and Performance in two technological Contexts: contingency theory in Korea". This study shows that fit between strategy and environment will be a positive influence on performance organization. The study provides an overview of how the integration of a strategy with the environment can influence positively to organizational performance. CSR strategy is the result of an innovation that combines marketing strategy to adjust for changes and environmental demands are translated by the management of change and the demands of the environment is the need of the projects CSR strategy that emerges[8].
5. Empirical research conducted by Tontowi (2013), the study entitled "Effect of the CSR Strategy and Value Creation Relational Advantage to Improve Marketing Performance". An empirical study of the print off event at the *Jawa Pos* newspaper. There is a unique phenomenon in the newspaper, it has the largest circulation and readership (more than 1.4 million) in Indonesia. The company has implemented CSR strategies as part of their marketing strategy. Implementation of CSR in the daily *Jawa Pos* known as the "print off event", i.e. activities outside of printing such as: Development Basket Ball League (DBL) Indonesia, for you my Master, Smart Riding, Surabaya Green and Clean, NBA Madness by *Jawa Pos* and etc. This study examines and explains the effect of CSR on performance marketing strategy. This study shows that there are two variables that affect the improvement of marketing performance, namely the creation of value and profit relational. In the context of the theoretical, the results of this research into an attraction for subsequent researchers to explore a deeper and wider about the studies about the effect of implementation of CSR on company performance. In the context of practical, results of this study will be able to encourage the adoption of CSR strategies more widely in the industry, because it turns out the social mission and business mission can be put together in a synergistic if the implementation of CSR is integrated into a part of corporate strategy [9].

V. DISCUSSION

Research Husted and Allen (2007) argue that CSR program can produce a synergistic effect of both social and business. If managed with strategic management, integrated into the company's processes to create the resources (assets) and the capability that is able to take the company to the level of competitive advantage and high economic performance. CSR should be managed as a program that is very important, interrelated and reinforce the company's main business for the long term. CSR activities should be adapted and incorporated into an integral part in business activities so as to support and strengthen core business activities. Thus the CSR role to be one of the assets that can improve a company's ability to compete and increase economic benefits. The cornerstone of this theory is reinforced by the results of the study Du, Bhattacharya and Sen (2007, if the company has been able to build and unify consumer confidence on the brand and CSR, it can increase the tendency to purchase more and loyalty stronger. Automatically it is a credible form of CSR increased profits for the company.

The results of the two studies above is reinforced by research Falck and Heblch (2007) that by practicing CSR strategically, a company can "do well by doing good". That is, at the same time the company can make a profit and be able to help and give what diperlukan the corporate environment for the better. Research Lee, Jangwoo and Miller (1996) earlier has provided the theoretical basis that CSR program is able to provide a synergistic effect socially-business if there is a strategy of integration with the environment as a result of innovations that combine marketing strategies to match the changes and demands of the environment through project- CSR project. As a final amplifier in this paper that supports the theory that the CSR is able to provide a synergistic effect of social and business is the research conducted by Tontowi (2013). This study managed to reexamine theories that have been previously described by empirical research conducted in Indonesia on companies the newspaper The "Jawa Pos", apparently the company is proved through the implementation of various CSR activities that are integrated into a part of the marketing strategy and supporting business activities the main, thereby increasing the company's profits.

VI. CONCLUSION

Based on the results of several research studies about CSR, it can be concluded that the CSR program is an activity with a social mission enabling to provide a commercial advantage when integrated into a part of a strategy that supports the company's main business activities. The synergistic effect between social mission and business mission can be achieved if it is properly implemented CSR into the strategies supporting the company's main business. Unification between the social mission and business mission in CSR activities becomes a business strategy which can bring two benefits simultaneously, namely: the social and commercial advantages. Therefore, it turns out effect between social mission and business mission totally biased achieved simultaneously with CSR activities. This is the strategy 2 in 1, namely: brings together a synergistic effect on the socio-business CSR program. Once grabbed paddles two birds.

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