

# The Influence of IndonesiaNEXT Program's Corporate Social Responsibility to Telkomsel's Corporate Image

Jimmy Hendrik Ginting<sup>1</sup>, Maya Ariyanti<sup>2</sup>

Telkom University, School of Business and Economics, Gegerkalong Hilir No.47, Bandung 40152, Indonesia

**Abstract:** More than 8,000 companies from 150 countries have implemented Corporate Social Responsibility (CSR) in supporting and demonstrating the concept of their obligations to society (Wang et al., 2016). The implementation of CSR in Indonesia has been regulated in Law No. 40 of 2007 concerning Limited Liability Company Article 74 which discusses social responsibility that must be borne by limited companies (Republic of Indonesia, 2018). The CSR program carried out by Telkomsel is IndonesiaNEXT as a supporter of digital quality improvement and support for young talents at universities in Indonesia with aspects of education. This study aims to determine the effect of Indonesian NEXT CSR that is being carried out on Telkomsel's Corporate Image (CI). CSR consists of Economy, Legal, Ethics and Directionary aspects. CI consists of Personality, Reputation, Value and Identity. This study is a descriptive and causal research to obtain an image based on customer perceptions and causal relationships based on hypotheses. This study uses a questionnaire survey to participants of IndonesiaNEXT 2017 in Medan, Jakarta, Bandung, Yogyakarta, Surabaya and Makassar. Data analysis techniques were carried out using Linear Regression with Statistical Package for the Social Sciences (SPSS) software. Legal has a partial effect on CSR, while Economy, Ethics and Directionary have no partial effect on CSR. Value has a partial effect on CI, while Personality, Reputation and Identity have no partial effect on CI. CSR has a partial effect on CI. Economy, Legal, Ethics and Directionary simultaneously influence CSR. Personality, Reputation, Value and Identity have an effect simultaneously on CI. CSR has a simultaneous effect on CI. This study is a descriptive and causal research to obtain an image based on customer perceptions and causal relationships based on hypotheses. This study uses a questionnaire survey to participants of IndonesiaNEXT 2017 in Medan, Jakarta, Bandung, Yogyakarta, Surabaya and Makassar. Data analysis techniques were carried out using Statistical Package for the Social Sciences (SPSS) and smart PLS softwares. Variables in a row from low to high for CSR are Discretionary, Law, Ethics and Economics and for CIs are Personality, Reputation, Identity and Value. Economic, Legal, Ethical and Discretionary of IndonesiaNEXT effects Personality, Reputation, Value and Identity of Telkomsel.

**Keywords:** Corporate Social Responsibility, Corporate Image, Regression

## 1. Introduction

The growth of companies that operate both nationally and globally, is required to implement and support short-term programs and projects for the community in a sustainable manner. More than 8,000 companies from 150 countries have implemented CSR as part of the United Nations Global Compact in supporting and demonstrating their concepts and obligations to society (Wang et al., 2016). The trend of CSR that for two decades shows the integration into the cultural structure of the company and how CSR is carried out strategically and effectively which is clearly planned and can be proven its impact on the company and society (Ernst and Young, 2012). CSR is one of the government's efforts to balance economic growth and economic equality

IndonesiaNEXT is a program carried out to support the improvement of digital quality and focus on young talents at universities in Indonesia with aspects of education and become one of the works of CSR programs owned by Telkomsel. IndonesiaNEXT is conducted in 6 major cities, namely Medan, Jakarta, Bandung, Yogyakarta, Surabaya and Makassar. The objectives of the IndonesiaNEXT for Telkomsel CSR program are (Telkomsel, 2018):

- 1) Building a sustainable CSR program platform on the education aspect effectively both for beneficiaries, namely students and campuses and companie.
- 2) Creating a CSR program on aspects of education that are in line with the government's concern for increasing the capacity of the young generation facing the era of

globalization.

- 3) Demonstrate a sustainable corporate commitment to improve the competence of the younger generation in Indonesia.
- 4) Educating the Indonesian youth community about the latest international technological developments.

IndonesiaNEXT is a masterpiece activity and a pilot project for Telkomsel CSR. Telkomsel also continues to build image value for its company as a perception or viewpoint of the community towards Telkomsel's brand. Telkomsel requires a precise and clear strategy formulation to have social added value and enhance corporate image among Indonesian people. The CSR program is important to get positive values from the community and have an impact on corporate image of Telkomsel.

## 2. Literature Review

### 2.1 Strategy Management

CSR describes the phenomenon of understanding how social is built in certain contexts and how to take this into account when business strategies develop (Gorski, Fuciu and Croitor, 2014). Elements of corporate social responsibility consists of (Carrol; Solihin, 2015):



Figure 1: Pyramida of Corporate Social Responsibility

- 1) Economic: main social responsibility as a business institution consists of economic activities that produce goods and services for society profitably.
- 2) Legal: comply with applicable laws and regulations where the laws and regulations are essentially made by the community through the legislature.
- 3) Ethical: moral reflection carried out by business people individually and institutionally (organization) to assess an issue where this assessment is a choice for the value that develops in a society.
- 4) Discretionary: existence of the company can provide benefits to the community by meeting the expectations of the community through various philanthropic programs.

## 2.2 Customer Image

Image is an impression obtained based on one's knowledge and understanding of facts or reality (Soemirat and Ardianto, 2010). Harisson said that complete information about the company's image must include 4 elements (Satya and Hidayatullah, 2018), namely:

- 1) Personality: characteristics that the public understands.
- 2) Reputation: things that have been done and are believed by the public based on their own experience and other parties.
- 3) Value: the value or culture that is owned.
- 4) Corporate Identity: young components are recognized by the public.

## 3. Research Model

CSR has the ability to improve the image of the company because if the company carries out its business governance well and follows the regulations set by the government, the government and society will provide flexibility for the company to operate in their area (Kotler and Lee; Handayani, 2012). CSR implementation will shape public opinion in the form of an image of an accumulated company that forms a reputation for the company. The focus of the study uses operational variables with the hypothesis as

enjoying "Corporate Social Responsibility towards Corporate Image".

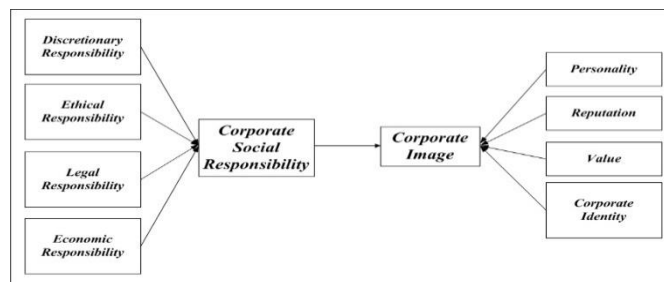


Figure 2: Framework of Corporate Social Responsibility and Corporate Image to IndonesiNEXT

## 4. Methods

This study uses a quantitative approach as an explanation of a relationship and measurement between variables to prove the research hypothesis and is explanative in nature relating to the collection and compilation of data to examine the relationships that occur between variables and explain causal relationships between variables through hypothesis testing (Malhotra, 2013). This study wants to see the causal relationship between variables from the activities of the Indonesian CSR program NEXT on the image of Telkomsel.

Some elements and definitions about the population and samples are (Malhotra, 2013):

- 1) Population are all elements of various and some general characteristics for the purpose of research and the sample is a subgroup of population elements chosen to participate in the study.
- 2) Sampling is an element that contains elements that are available for selection as samples from the study. Sampling technique is a way to take samples using Probability Sampling, that is, the sample has a predetermined probability to be chosen as a sample using Cluster Sampling, ie the target population is divided into subpopulations as groups based on geographical location or area then taken randomly as samples.
- 3) Sample size is the number of samples taken for research with a minimum for description research can use 100 samples.

There are 9,018 participants in IndonesiaNEXT 2017 Telkomsel with registration numbers in the cities of Medan 811, Jakarta 902, Bandung 1,021, Yogyakarta 3,429, Surabaya 1,110 and Makassar 1,745. The population is all Telkomsel customers, samples are participants of IndonesiaNEXT 2017 Telkomsel as respondents and a minimum sample size of 210 is determined based on 6 cities with a proportion of each city of at least 35 respondents.

The data collection method used in this study is the survey research method using a quantitative questionnaire. Validity test shows the extent to which the variables consisting of various indicators have a level of conformity that are interrelated with each other, while the reliability test shows the level of consistency of each answer from the

measuring instrument when it is measured again to the same or different samples and times (Ghozali, 2016).

#### 4.1 Data Analysis Technique

Data analysis techniques using Partial Least Squares (PLS) as one method of Structural Equation Modeling (SEM) as a complement to the weak regression method using the Variance Based SEM approach (Ghozali, 2016). The advantages of PLS are predicting constructs with one final target, can be used for complex structural models and relatively low sample size and the data used does not have to meet model specifications, identification, nonconvergence and data distribution assumptions, while the power of PLS cannot be used for data with many group categories and not suitable for small sample sizes with the assumption of a normal distribution (Hair, Ringle and Sarstedt, 2011).

Microsoft Excel as an application for processing and visualization Statistical Package for Social Sciences (SPSS) as an application helps to do calculations related to data analysis (Ghozali, 2016). Microsoft Excel and SPSS as collection, coding and processing data into visualizing data that is described and input data for forms of processing validity, reliability and influence. The advantages of SPSS are being able to access data from various types of formats to do direct data analysis, an informative, accurate display by providing a reason code if there is a missing data and easy to use.

Descriptive analysis is done to help assess the data collected as a preliminary analysis with the aim of knowing the description and dissemination of data by reading the characteristics of a data set (Faizal, 2017). Descriptive analysis is done by providing raw data processing to be understood as a picture as an interpretation that is easier to understand by showing frequency, average, median, mode, number and standard deviation of each variable or as a whole (Ghozali, 2016).

Validity test is conducted to find out whether all questions and statements (instruments) of the research proposed to measure research variables are valid with regard to the accuracy or accuracy of the measuring instrument (Sugiyono, 2013). Reliability testing is done to prove the consistency and stability of measurement instruments relating to measurements as evidenced by testing consistency and stability (Sekaran, 2011). Validity and reliability tests were carried out using SPSS software. Indicators used as measuring instruments are considered valid if they have the value of Corrected Item-Total Correlation (CITC)  $\geq 0.3$  and above (Indrawati, 2017). The indicator used as a measuring instrument is considered reliable if it has a Cronbach Alpha value  $\geq 0.6$  and above (Ghozali, 2016).

#### 4.2 Hypothesis Testing

The indicators in this study are formative indicators where each indicator defines or explains the domain characteristics of the variables with arrows from indicators towards variables and tests carried out are only structural tests (Ghozali, 2016). Structural test (inner model) is done to find

out whether the model that connects between variables is used accurately (Pramesti, 2015). The inner model test was carried out using smartPLS software. The inner model tests performed are (Indrawati, 2015 and 2017):

- 1) Path value to see whether there is a significant influence seen from the value of t from the value of the path.
- 2) The percentage of variance described, namely  $R^2$  for the dependent latent variable modeled has the effect of an independent latent variable.

Hypothesis testing is done to see the effect of independent variables on dependent. The hypothesis is accepted if the value of the t-statistic  $\leq -t\text{-Table}$  or t-statistic  $\geq t\text{-Table}$  and bootstrapping is done by re-sampling all recommended samples is 200-1,000 (Ghozali, 2016). The parameters of the bootstrapping for the influence test are as follows:

- 1) Value t-statistics based on Bootstrapping results where the level of significance of a maximum error of 5% for one tail with a trust level of 90% based on t-table is with threshold  $\geq 1.65$  (Indrawati, 2017).
- 2) bootstrapping is done by re-sampling 500 as a minimum re-sample (Ghozali, 2016).

### 5. Result

Questionnaires were distributed online by distributing questionnaires with digital-based entries to IndonesiaNEXT participants in 2017 for 6 cities, namely Medan, Jakarta, Bandung, Yogyakarta, Surabaya and Makassar on December 20, 2018 to January 2, 2019 and 35 respondents from each city were obtained, so that all respondents obtained were 210 respondents.

The percentage of respondents is participants from IndonesiaNEXT 2017, where:

Participating in seminars are 27.62%, certification are 6.19% and both of them are 66.19%. IndonesiaNEXT is CSR in the education sector by presenting seminars and facilitating certification needs.

- 1) Ages 17-20 years are 17.62%, 21-24 years are 73.81% and 25 years and above are 8.57%. IndonesiaNEXT has a target market as participants of its activities are students and working with various universities in the city where Indonesia is held NEXT, so the age of the majority of respondents is 21-24 years.
- 2) Male are 37.62% and female are 62.38%. IndonesiaNEXT can be followed by anyone by not limiting him to male or female, because IndonesiaNEXT itself is more focused on providing seminars and certifications in the field of technology, especially telecommunications.
- 3) Telkomsel customers are 89.52%, while 10.48% are not Telkomsel customers. IndonesiaNEXT as a Telkomsel CSR activity is open to the public, so it is not limited to Telkomsel customers.
- 4) 89.52% of respondents who subscribed to Telkomsel with a subscription duration of 1-3 years there were 28.72%, 4-6 years there were 24.47%, 7-9 years there were 23.4% and 10 years and over there were 23.4%.
- 5) IndonesianNEXT participants who subscribe to Telkomsel have a subscription period of 1-3 years and 7-9 years with a maximum number of subscriptions of



4-6 years and 10 years and above. This is done to indeed have more experience as a giver, confirmation and interview and have 2 target markets as participants from their activities are students and work together with various universities in the city where they are held.

Validity and reliability are carried out for Economic, Legal, Ethical and Discretionary variables of the Corporate Social Responsibility as well as Personality, Reputation, Value and Identity variables of the Corporate Image variable from Indonesia NEXT have:

- 1) The correlation coefficient has a corrected item total correlation greater than 0.3, meaning that the indicators are valid to be used on these variables, so the research instrument used is valid.
- 2) The indicator value in a variable has a greater Cronbach alpha equal to 0.6, meaning that the indicators are united on a similar variable, so the research instruments used are reliable.

Inner model describes R-Square and path coefficient. The inner model is tested based on what happens from the independent variable to the dependent variable.

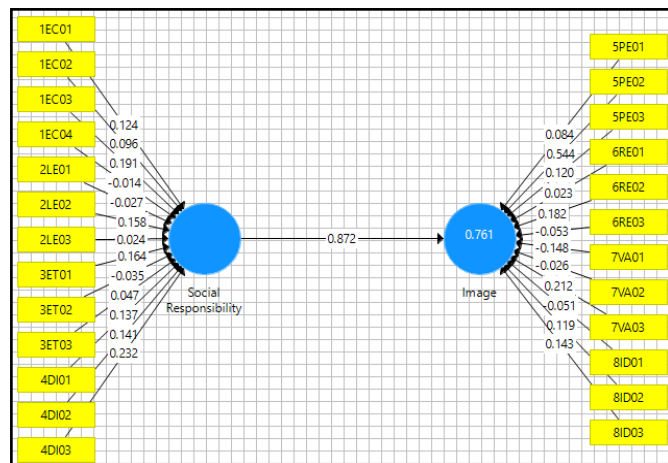


Figure 3: IndonesiaNEXT Telkomsel by Algorithm PLS

The R-Square test is performed to show whether the dependent variable modeled has an influence from its independent variable.

Table 1: R Square of IndonesiaNEXT Telkomsel

Dependent	R Square	Ideal Score	Result
Corporate Image (CI)	0,761	0,75 = strong 0,5 = moderate 0,25 = week	Strong

Based on the R-Square test of Corporate Image obtained 0.761 which shows the significance of the strong influence of Corporate Social Responsibility because the value is greater than 0.75.

The path coefficient test is done to show the effect that occurs between the dependent variables with significant or not significant independence.

Table 2: Path Coefficient of IndonesiaNEXT Telkomsel

Dependent	Independent	Path Coefficient	Ideal Score	Result
Corporate Image (CI)	Corporate Social Responsibility (CSR)	0.872	$\geq 0,1 =$ influence	influence

Based on the path coefficient test, it was found that the dependent variable Corporate Image has an influential independent variable, namely Corporate Social Responsibility because it has a path coefficient value of 0.872 which is greater than 0.1.

Paths of independent and dependent variables, indicators for each variable and path coefficient values are obtained based on Bootstrapping calculations.

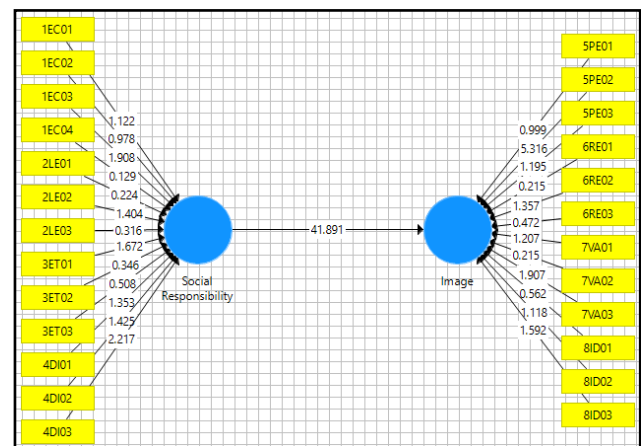


Figure 4: IndonesiaNEXT Telkomsel by Bootstrapping

Hypothesis testing is done by:

- 1) See t-static with bootstrapping to show the hypothesis whether accepted or rejected according to the significance of the influence of the independent variable on the dependent.
- 2) The hypothesis is accepted if t-statistic  $\geq$  t-Table, with t-Table is 1.65 using a 5% significance level for one tail.

The hypothesis test results based on processing smartPLS with Bootstrapping can be seen in the table below.

Table 5: t-statistic of IndonesiaNEXT Telkomsel

Dependent	Independent	t-statistics	Ideal Score	Result
Corporate Image (CI)	Corporate Social Responsibility (CSR)	41,891	$t\text{-statistic} \geq 1,65,$ so, Hypothesis Accept	Hypothesis Accept

Obtained that t-static for Corporate Social Responsibility variable towards Corporate Image is 41,891 which is greater than 1.65 which means that it has a positive effect, then the hypothesis is accepted.

## 6. Discussion and Conclusion

### 6.1 Corporate Social Responsibility of IndonesiaNEXT

Economic is related to the company's responsibility for economic activity for the community profitably. IndonesiaNEXT plays a role in making economic turnover

for its participants by supporting education about technology and telecommunications to reach the wider community.

Ethical is related to moral reflection carried out by the company as a choice for the value that develops in society. IndonesiaNEXT organizes seminars and certifications with a large number of applicants with a limited number of participants, so that information about the types of seminars and certifications, the deadline for registration and the number of participants notified is more detailed and clear by using media that are widely accessed and accessed by the public.

Legal relates to the company's compliance with law and regulations that are legitimate in the government and applies in the community. IndonesiaNEXT is implemented by fulfilling and complying with applicable regulations, where Indonesia NEXT is held in 6 cities spread across different islands and certainly has things that are legally central government that are the same as the laws of regional government and different communities

Discretionary relates to the existence of companies in providing benefits by meeting community expectations. IndonesiaNEXT is a CSR activity that is specifically for the education sector by providing seminars and certifications, so that benefits for welfare in education through seminars and certifications are known as social movements that reflect IndonesiaNEXT.

Legal is related to the company's compliance with law and regulations that are legitimate in the government and applies in the community. IndonesiaNEXT as a CSR program in the field of education carried out with permits that meet legality, fulfill and comply with regulations that apply in 6 different cities and fulfill all legality, so that all plans and activities can be organized in an orderly, smooth and full of support.

Economic is related to the company's responsibility for economic activity for the community profitably. IndonesiaNEXT organizes seminars and certifications with a large number of enthusiasts, but has a quota limit, so the types of seminars and certifications, deadlines for registration and the number of participants need to be informed to the public through media that are easily accessed by the public.

Discretionary relates to the existence of companies in providing benefits by meeting community expectations. IndonesiaNEXT is a CSR activity specifically in the field of education, whereas CSR programs that are generally carried out by companies are in the field of environment and scholarships, so that the benefits as social movements do not reflect Indonesia NEXT.

## 6.2 Corporate Image of Telkomsel

Personality is related to the overall characteristics of the company that the community understands. Telkomsel has carried out various activities that have been believed by the target customers or participants based on their own experience or other parties.

Reputation relates to things that have been done by the company and are believed by the community based on their own experiences and those of others. Telkomsel is a company that continues to innovate to improve performance performance and the security of its customers in order to add positive value to the community and is known as a company with such positive character.

Value is related a company has as a culture. Telkomsel can stand and last a long time because of the values that are always carried out and maintained by its standardization.

Identity is related to company components that make it easier for people to know the company. Telkomsel has logos and slogans whose existence can add positive value to the community and is known as a company with these positive characteristics.

## 6.3 Relationship of Corporate Social Responsibility of IndonesiaNEXT to Corporate Image of Telkomsel

The economic of the IndonesiaNEXT program affect Telkomsel as the largest cellular operator in Indonesia with various characteristics that are known and trusted by the community. IndonesiaNEXT as a CSR program by attracting the theme of telecommunications technology, was held by the largest cellular operator company and has a distinctive feature for display, such as Telkomsel being influenced by the Indonesian NEXT factor for the economy and influencing Telkomsel's image.

The legal of the IndonesiaNEXT program does not affect Telkomsel as the largest cellular operator in Indonesia that has legal standards, processes, flows and models for planning, submission and implementation. IndonesiaNEXT as a CSR program held by Telkomsel has similarities that are not much different from Telkomsel, as usual when holding other social activities, so that the legality of IndonesiaNEXT tends not to affect the image of Telkomsel.

The ethical of the IndonesianNEXT program has an effect on Telkomsel as the largest cellular operator in Indonesia with various responses, responses and public awareness of Telkomsel. IndonesiaNEXT brings its own distinctive features from IndonesiaNEXT itself as a CSR program that is brought to the community.

The discretionary of the IndonesiaNEXT program has an effect on Telkomsel as the largest cellular operator in Indonesia which plays a role in supporting the community's needs for education. IndonesiaNEXT as a CSR program held by Telkomsel has a role that can answer needs and desires and become an alternative certification, especially telecommunications technology for the community.

## References

- [1] Badan Pusat Statistik. (n.d.). Retrieved from Badan Pusat Statistik: <https://www.bps.go.id/>
- [2] Assauri, Sofjan. 2013. *Strategic Management: Sustainable Competitive Advantage*. Indonesia, Jakarta: PT Rajagrafindo Persada.
- [3] David, Fred R. 2013. *Strategic Management, Concepts & Cases*. Ingggris: Pearson Education Limited.

- [4] Ernst dan Young. 2012. *Six Growing Trends In Corporate Sustainability*. New York: EYGM Limited.
- [5] Faizal. 2017. *Panduan Lengkap Analisis Deskriptif Menggunakan Ms Excel*. <http://www.sharingid.com/panduan-lengkap-analisis-deskriptif-menggunakan-excel/> (Diakses pada Desember 2018).
- [6] Ghozali, Imam. 2016. *Aplikasi Analisis Multivariate dengan Program IBM SPSS 22*. Semarang: Badan Penerbit Universitas Diponegoro.
- [7] Gorski, Hortensia, Fuciu, Mircea dan Croitor, Natalia. 2014. *Research on Corporate Social Responsibility in the Development Region Centre in Romania*. *Procedia Economics and Finance*: Elsevier, vol. 16, p. 224-233.
- [8] Handayani, Julfitri Dwi. 2012. *Analisis Pengaruh Socially Responsible Marketing dan Corporate Social Responsibility Terhadap Brand Image dan Corporate Reputation (Studi Kasus pada Kampanye "Senyum Sehat Senyum Pepsodent" dari PT Unilever Indonesia)*. Tesis. Universitas Indonesia. Jakarta.
- [9] Indrawati, dkk. 2017. *Perilaku Konsumen Individu dalam Mengadopsi Layanan Berbasis Teknologi Informasi dan Komunikasi*. Jakarta: Refika Aditama.
- [10] Malhotra, Naresh K. 2013. *Marketing Research: An Applied Orientation*. New Jersey: Pearson Education.
- [11] Nuryadin, A. 2012. *Manajemen Perusahaan*. Yogyakarta: LaksBang PRESSindo.
- [12] Porter, Michael. 2015. *Strategi Bersaing: Teknik Menganalisis Industri dan Pesaing*. Jakarta: Erlangga.
- [13] Ruslan, Rosady. 2014. *Manajemen Public Relations dan Media Komunikasi*. Jakarta: Rajawali Pers.
- [14] Satya, Darma dan Hidayatullah, Deden Syarif. 2018. *Pengaruh Program Corporate Social Responsibility Terhadap Citra Perusahaan (Studi Pada Pt. Sucofindo Tahun 2017)*. Skripsi. Telkom University. Bandung.
- [15] Sekaran, Uma. 2011. *Research Methods for business Edisi I and 2*. Jakarta: Salemba Empat.
- [16] Soemirat, Soleh dan Ardianto, Ervinaro. 2010. *Dasar-dasar Publik Relation*. Bandung: Remaja Karya.
- [17] Soilihin, Ismail. 2015. *Corporate Social Responsibility: From Charity to Sustainability*. Jakarta: Salemba Empat.
- [18] Sugiono. 2010. *Metode Penelitian Kualitatif R & D*. Bandung: PT. Remaja Rosdakarya.
- [19] Telkomsel. 2018. *Laporan Internal*. Jakarta: PT. Telekomunikasi Seluler.
- [20] Ulva. 2012. *Analisis Pengaruh Corporate Social Responsibility Terhadap Citra Perusahaan (Studi Kasus Pt. International Nickel Indonesia Tbk)*. Skripsi. Universitas Hasanuddin. Makassar.
- [21] Wang, Tong, Takeuchi dan George. *Corporate Social Responsibility: An Overview And New Research Directions*. *Academy of Management Journal*, vol. 59, no. 2, p. 534-544, 2016.