

The Implementation Corporate Social Responsibility Factors That Affect the Corporate Political Activities in Riau Province

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Abstract: This study shows the implementation Corporate Social Responsibility factors that affect the Corporate Political Activities in Riau Province. The research problem is still coming up from the companies side due to the implementation of corporate social responsibility. The research problem is that there are still companies that make the implementation of corporate social responsibility a form of company political activity. This research is descriptive qualitative, the method of collecting data in the form of information interviews. Analysis of the data obtained is done through data collection, verification, presentation, and conclusions. The results of the study are three factors that influence CSR part of the CPA, namely individual factors, institutional factors and company factors.

1 INTRODUCTION

The theory developed about CSR comes more from economics (Scherer and Palazzo, 2011). The definition of CSR politics from political science or public administration focuses more on corporate responsibility activities as political actors that focus on public deliberation, collective decisions and public services (Scherer and Palazzo, 2011), which not only provide health facilities, education and environmental development. The idea of a company as a political actor in CSR is a challenge for future research (Frynas and Stephens, 2015).

Literature review on political CSR literature has two important aspects, namely legitimacy and institutions. Legitimacy is an important factor for companies to always exist in certain countries, which is a socially constructed reason or argument to provide justification for company actions that are accepted by the public (Scherer and Palazzo, 2011). Second, CSR politics is related to institutional analysis in social networks, national institutions and political rules. The institutional review of CSR analyzes institutional mechanisms (El Ghoul et al., 2017), involvement of civil society organizations, negotiating CSR standards in various countries (Den Hond et al., 2014) and issues such as the division of responsibilities within multinational companies between local

roles and roles at the international level (Jamali and Karam, 2018).

In the context of political institutions CSR has various types according to the political system of the country concerned. CSR politics in the United States and Europe is characterized by less regulation and more incentives for the company's social role (Matten and Moon, 2008). Meanwhile in Japan, France and South Korea, CSR politics gives a greater role to the collaboration of workers, trade unions and civil society organizations (Jamali and Karam, 2018). Philips, a company in the Netherlands, has been developing energy saving lamps for a long time, and is trying to lobby the European Union to legalize their products. Car companies in Germany reject filters that prevent air pollution in diesel cars and encourage other types that are more efficient. In developing countries, (Frynas and Stephens, 2015) note that there are still research gaps about complex formal and informal interactions. The institutional context is not only related to the state's formal institutional mechanisms and policies but also the social values inherent in them. The institutional and state values in question heterogeneity and content versus homogeneity and consensus color the implementation of CSR (Blindheim, 2015).

(Den Hond et al., 2014) introduced the concept of CSR as a form of CPA (Corporate Political Activity) activity. CSR activities are always related to the

company’s political activity to increase its reputation. Companies increase CSR activities to gain political support, enlarge political coalitions, open access to policy makers (Den Hond et al., 2014). This form of CSR and CPA can be seen from the results of strategies used by companies in actively influencing policy makers (Den Hond et al., 2014). Thus it can be concluded first, CSR and CPA independently influence the reputation of the company. Second, the drive for CSR as part of the CPA comes from the recognition of problems generated through CSR and CPA efforts.

This research will be conducted in Riau Province. Riau Province as the city which is the lyrics of the oil city has many large and medium industrial companies. Based on data from the Riau Province Central Statistics Agency 2017, the total business sector of the city is 526,966 companies with 14 types of companies. The author tries to answer what factors influence CSR part of implementing the CPA. After conducting research the Riau provincial government does not yet have empirical data related to CSR of all provinces in Riau only limited to making regional regulations Riau province No. 6 of 2012 concerning corporate social responsibility in Riau province, due to not running a corporate social responsibility forum in each district and for evaluation The implementation of corporate social responsibility forums will be the next research to be investigated. therefore this research is only limited to looking at CSR implementation factors which are made into political activity of the company based on the 2018 rehbein theory.

2 DISCUSSION

It is not always business in terms of CSR as a form of political support that is said to be successful, there is an implementation of CSR which makes companies weak in getting political support. CSR sometimes has contradictions with CPA policies. When a company does not equate CSR and CPA, then shareholders can be deliberately misled and provide references about companies that cannot be trusted (Den Hond et al., 2014).

Some researchers have also carried out studies on supporting CSR not part of implementing the CPA. An example of a company is a manufacturing company listed on the Indonesian stock exchange based on this CSR which provides a misalignment of government tax management, this is related to increasing the level of the company to implement CSR. A company in Slovenia develops a national corporate social responsibility (CSR) policy through multi-party partnerships but because of the factors that support

the government, making it unable to obtain political support, in this case the government becomes an actor with executive power to support and support CSR policies at the national (Golob and Hrast, 2018). Multinational companies (MNCs) often carry out corporate social responsibility (CSR) activities that support providing ‘public goods’ and improving governance in policy making. This political CSR activity (PCSR) will run well by increasing socio-political legitimacy and is useful in building relations with the state or other external stakeholders. Using theories relying on resources, protection theory, and social capital literature, finding MNC subsidiaries is highly dependent on local resources, has a greater relationship with related business managers and policy makers (Shirodkar et al., 2018). CSR taken is not part of the CPA which is often caused because it is not related to interests between the company and the government.

Other studies assess CSR and CPA strategies at the macro level using safety factors and at the micro level using company-level & individual factor factors (Rehbein et al., 2018) and In general institutional factors, CSR and CPA related to macro planning are available in the following figure:

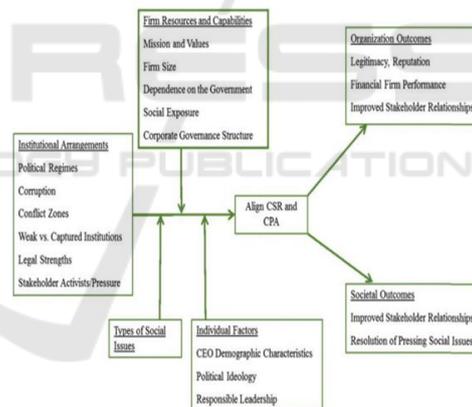


Figure 1: CSR and CPA Related.

From the De Hond & Rehbein (Den Hond et al., 2014)(Rehbein et al., 2018) study above, it can be seen that the factors that influence CSR as part of the CPA in the company have 3 factors, First, individual factors which state that the character of the CEO or leader influences CSR as part of the CPA . Furthermore, the second factor, which is the source of resources and capabilities of the company, Rehbein (Rehbein et al., 2018) says that mission and value, company size, corporate governance structure, and corporate social exposure are influencing factors in supporting CSR as part of the CPA. The third factor, namely institutional environmental factors such as corruption, legal strength, pressure pressure, stake-

holders become a supporting factor for CSR to be part of the CPA (Rehbein et al., 2018).

First, individual factors consist of top leadership characteristics, corporate structural characteristics of CSR and CPA departments, and interactions between these departments, and the presence of agents of social change in the company (Wickert and De Bakker, 2018). In individual factors, there are many individuals, from CEOs, CSR managers to outside affairs managers or public affairs managers who might have an impact on the formation of corporate social and political responses. However, (Aguinis and Glavas, 2012) note that at the individual level there is a lack of information about individuals doing CSR. Most of the discussion of previous researchers emphasized how attitudes to protect, moral development, and commitment to social problems enhance corporate CSR. Similar research (Wickert and De Bakker, 2018) focuses on social issues and seeks to understand the obstacles faced by CSR managers in implementing CSR. However, most research focuses on the role the CEO plays in determining trade-offs between shareholders and stakeholder priorities. Similar research (Mellahi et al., 2016) argues that the focus on top management is very important to understand the types of non-market strategies developed by the company. Previous research suggests that the flow of research that emerges in responsible leadership can be a possible source of understanding top management decisions. (Doh and Quigley, 2014), for example, focus on how top management can develop a more inclusive approach with regard to various stakeholders, while (Strand, 2014) explores why the company's sustainability position is placed on the top management team and whether this affects the organization. This can represent a CSR problem at the company's leadership level and can facilitate alignment with CPA activities that are also strategic (Hadani and Schuler, 2013).

Second, company resources & capability factors Enterprise level factors such as company mission, company values, shareholder ownership, structure and governance, concessions and financial visibility (Aguinis and Glavas, 2012). Similar research deals with additional empirical studies and a review of the literature examining resources in CSR corporate governance (De Villiers et al., 2011) (Jamali and Karam, 2018) also examined for a comprehensive review of this literature (Walls et al., 2012). With respect to CPA, (Lux et al. 2011) based on previous analysis provides an overview of the specific factors of the company that shape the company's political investment, such as company size, company diversification, and government sales. Based on previous CPA and CSR research, it is possible that the company's re-

sources and capabilities have a significant role in driving company decisions in implementing CPA. The author previously found that it is important to integrate several drivers that CSR is part of implementing the CPA. For example, including company mission and values, corporate strategy, financial resources, visibility, and social and political exposure all seem to be important in supporting motivation to support CSR as part of CPA (Mellahi et al., 2016).

Third, institutional environmental factors, companies will be motivated to make CSR as part of the CPA determined by the environmental characteristics of the country of origin of the company. Institutional factors are determined from the social interactions of the company's home country to create incentives and barriers to the development of corporate social or political policies (Dorobantu et al., 2017)(Mantere et al., 2009)(Mellahi et al., 2016)(Windsor, 2007). But some research on institutions on CSR and CPA has developed separately. In relation to CSR, there is a broad debate about institutional factors that discuss the types of social policies, practices and reporting that are applied by companies (Jackson and Apostolakou, 2010) (Marano and Kostova, 2016)(Matten and Moon, 2008)(Rathert, 2016). Similar research has been carried out to understand the relationship between institutional factors and the possibility that companies will form political connections (Dorobantu et al., 2017) find that companies are more likely to form political ties when they do business in countries where governance is more corrupt and property rights protected the weak in the country. Given that institutional factors influence corporate decisions regarding CSR in CPAs, it is likely that the political and social institutional arrangements of the home countries will affect work and influence the implementation of CSR as part of the CPA (Dorobantu et al., 2017).

Riau Province is a province that has been established as a plantation company. And from 210 companies in Riau province based on the results of the study, it was found that there were three factors that influence CSR as part of the CPA, first individual factors: this factor can support CPA activities determined by the background of stockholders and company leadership background, the greater the shareholder's role and company leaders in the government, the greater the activity of company activities that can be done. for example if the company has a leader or shareholder who has a background that comes from a general or a holder of power, the implementation of company activities will run well, both for licensing and company security. the second factor, is the company factor consisting of company mission, company size and cor-

porate social pressure. the more influential the company's mission towards the government mission, the greater the company's political activity. the larger the size of the company, the greater the movement of the company's political activity and the greater the company's social pressure, the greater the company's political activity. The third factor is institutional factors, this factor contains the power of law, zone of conflict and corruption. the greater the company's political activity, the greater the legal strength held by the company, the greater the company's political activity, the smaller the zone of conflict the company has. Furthermore, the greater the company's political activity, the greater the likelihood of corporate corruption.

3 CONCLUSIONS

The implementation of corporate social responsibility is one form of corporate political activity and to carry out corporate political activities, supporting factors are needed. The conclusion of this study is that there are three supporting factors, first individual factors, second, company factors, third, institutional factors.

First individual factors: this factor can support CPA activities determined by the background of shareholders and company leadership background, the greater the role of shareholders and company leaders in the government, the greater the activities of company activities that can be done. for example if the company has a leader or shareholder who has a background that comes from a general or a holder of power, the implementation of company activities will run well, both for licensing and company security. the second factor, is the company factor consisting of company mission, company size and corporate social pressure. the more influential the company's mission towards the government mission, the greater the company's political activity. the larger the size of the company, the greater the movement of the company's political activity and the greater the company's social pressure, the greater the company's political activity. The third factor is institutional factors, this factor contains the power of law, zone of conflict and corruption. the greater the company's political activity, the greater the legal strength held by the company, the greater the company's political activity, the smaller the zone of conflict the company has. Furthermore, the greater the company's political activity, the greater the likelihood of corporate corruption.

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