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INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE CULTURE TO THE STRATEGIC ALIGNMENT MATURITY, BUSINESS PERFORMANCE AND CORPORATE SUSTAINABILITY AT THE CONSUMER SERVICE UNIT OF EAST JAVA REGIONAL V OF PT TELEKOMUNIKASI INDONESIA

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ABSTRACT

Corporate sustainability can be achieved if corporate social responsibility and corporate culture are established to be the commitment of PT Telkom (the shortened name for 'PT. Telekomunikasi Indonesia') formulated into the form of business strategic alignment maturity and the business performance. This study is intended to describe the influence of corporate social responsibility and corporate culture to the strategic alignment maturity, business performance and the corporate sustainability. This study applies the PLS – Partial Least Square Analysis to examine the significance of the research variables. Data are obtained from the Office Heads of Consumer Service Unit of East Java Regional V of PT. Telekomunikasi Indonesia by using the saturated samples, namely all population are used as the samples. There are 70 respondents. The main instrument applied to collect the data is the 'questionnaire', while its supporting instruments are in the forms of 'interview', 'observation', and 'documentation'. Output of the analysis indicates that all variable relations being materialized into 9 (nine) hypotheses have the significant influences leading to positive relationship. Output of this research is contributed to the theory of management, with the focus on strategy management and organizational behavior, namely the need for the conformance or alignment of corporate social responsibility and corporate culture to the strategic alignment maturity, business performance and the corporate sustainability. The important finding in this study shows that the strategic alignment maturity has a strong influence to the corporate sustainability, whereas the business performance has a weak influence to the achievement of corporate sustainability.

KEYWORDS

Corporate Social Responsibility, Corporate Culture, Strategic Alignment Maturity, Business Performance and Corporate Sustainability.

INTRODUCTION

Businessmen at the global business era at present are getting more aware that sustainability of their business is not merely focused on the efficiency in utilizing the resources to gain the profit. Without being accompanied by the effort to improve quality of their social interaction to their external environment in the form of Corporate Social Responsibility (CSR) and the Environmental Sustainability, the company operation will sooner or later undergo the problem.

The corporate sustainability becomes the focus in this study considering the fact that the company able to carry out its sustainable business operation has proven that it has been able to deal with the global business competition at present. The corporate sustainability is a business approach establishing long term values for the stakeholders by embracing the opportunities and managing the risks deriving from economy, social and environmental developments.

Based on some previous researches, the antecedent variables influencing the corporate sustainability variables in this study are: CSR (Corporate Social Responsibility), corporate culture, SAM (Strategic Alignment Maturity), and the business performance. Output of study by Siegel and Paul (2006) indicates that CSR activities have productive significant impacts to efficiency, technical changes, and economic scale of the company.

The corporate sustainability can be achieved if the company has a corporate culture able to lead the organizational behavior to adapt to the external environment and to make the internal integration. Corporate culture is able to help the company reach the success. Work culture holds the important role in establishing sustainability for an organization. Corporate culture is a set of values, norms, rites and patterns of behavior becoming characteristics of the company.

SAM is a harmonization process between the objectives as well as the information technology and the business goals of an organization, a process how to make the information technology able to run in parallel with business and so is the contrary, how to make the business in line with the information technology. According to Luftman and Brier (1999), a company achieving the harmony or alignment between the business strategy and the information system strategy (strategic alignment maturity) can set up the competitive profit strategy that will improve the company by the increase in visibility, efficiency and profitability at the competition in market change at present. In this way, the corporate sustainability can be materialized. The company seems to get good performance is the company having the alignment between the materialization of its business strategy and that of its information system strategy (Chan et al, 1997).

Performance is a complex multidimensional construct with many differences in the sense that it depends on who is evaluating, how it is evaluated, and what aspects are evaluated. The business performance instrument with the orientation to the consumer service applied in this study refers to Bonnici and Sarkis (2001:22).

LITERATURE REVIEW

Some theories and empirical researches are used as the ground of this study. The theories and empirical researches concern with the research variables covering the corporate sustainability, CSR, corporate culture, SAM, and business performance.

1. CORPORATE SUSTAINABILITY

The sustainability principle focuses on the growth and development in integrating the economic, ecological and social dimensions. On its development process, the stakeholders are expected to support the company to grow in sustainable way.

Corporate Sustainability is an approach to creating long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social trends and challenges (Dow Jones, 2012:5).

Corporate sustainability can be viewed as a new and evolving corporate management paradigm. The term 'paradigm' is used deliberately, in that corporate sustainability is an alternative to the traditional growth and profit-maximization model (Wilson, 2003).

According to Lacy et al. (2010), CEOs around the world are starting to see the shape of a new era of sustainability coming into view. In the face of rising global competition, technological change and the most serious economic downturn in nearly a century, corporate commitment to the principles of sustainability remains strong throughout the world: 93 percent of CEOs see sustainability as important to their company's future success.

The instrument to measure the indicators of company sustainability applies the opinion of Strobel. According to Strobel (2006:5), indicators of the company sustainability consist of: Environmental Dimension, Social Dimension, and Economic Dimension. Each dimension represents 33.3% of the overall total, so that having the same weight and representing the concept of sustainable development.

2. CORPORATE SOCIAL RESPONSIBILITY

According to Jalal (2010), the size and concept of CSR in Indonesia should follow the global standards. The Government should not only stick on and on to the Law No. 40 the year 2007. It is important to adjust the CSR concept in Indonesia to ISO 26000.

According to Prastowo and Huda (2011:100), ISO 26000 can be used as a single choice in defining the CSR, considering the fact that ISO 26000 has been formulated by the multi-stakeholders, among others the corporation, academicians, NGOs, Government, consumers and researchers from 90 countries all over the worlds, including Indonesia. The whole participants have approved this ISO 26000. Park et al. (2001) states that there is a causal relation between ISO 26000 constituting the CSR global standard and the company reputation.

The guideline in implementing the corporate social responsibility applies the ISO 26000 standard. According to ISO 26000 (2010:19) there are 7 (seven) main factors in planning the corporate social responsibility (CSR), among others are: Organizational Management, Human Rights, Employment Practices, Environment, Fair Operational Practices, Consumer Issues, Community Involvement and Development. The representative measurement of those CSR variables applied for this research is modified pursuant to the objects being analyzed excluding the Fair Operational Variable, because it has already been represented by the variables of Organizational Governance.

3. CORPORATE CULTURE

The corporate culture is developed socially because substantially it is based on the collective assumption of all members of organization in all hierarchical stages. The objective culture is the success of an organization in encountering a situation constituting a successful response applied by the organization to adjust to the environmental situation and condition of the company. The thing most frequently found in the process of change in corporate culture is that the implemented efforts do not bring any change to the organizational behavior, but they in reality strike the company back, or even they do not produce anything.

According to Melo (2012:41), the companies combining the humanistic approaches in culture turn the corporate social performance to be better, because internal values of the culture motivate to build good relation with the stakeholders. Russo and Fouts (1997) have the opinion that the corporate culture deeply rooted to CSR behavior can increase the cross-functional integration of the whole learning and organizational commitment, employee skill, and integrating the high quality employees. Applying the social and environmental consideration into the company planning will help the company develop the culture based on innovation, mutual trust among the stakeholders, and collaborative relationship (Surroca et al., 2010). In this way, CSR can help build the culture in which the company can take the ground on the competitive superiority (Wissink, 2012:23).

In order to get the corporate culture able to involve members of the company to be consistent to the organizational commitment, able to adapt to the external environment and to be in conformity with the mission of the company, the instrument of corporate culture in this study refers to the opinion of You et al. According to You et al. (2010:55), there are 4 (four) natures and indexes of corporate culture, namely: Involvement, Consistency, Adaptability and Mission.

4. STRATEGIC ALIGNMENT MATURITY (SAM)

SAM is required in an organization because organizational development covers not only its business scope but also its technology and infrastructure (Luftman, 2000:2). The SAM instrument applied in this study refers to the opinion of Luftman. The Strategic Alignment Maturity is determined by 6 (six) criteria and each criteria consists of several attributes being used as parameter to the alignment between business and Information Technology (Luftman 2000:10) consisting of: Communication, Competence / Value Measurement, Governance of the Business Unit and Information Technology, Partnership, Scope and Architecture, and Skill.

5. BUSINESS PERFORMANCE

Business performance in this study applies non-financial performance measurement, namely: consumer service performance pursuant to the tasks and responsibility of Consumer Service Unit of PT. Telkom. Non-financial indicators can become better indicators for the financial performance in the future. Non-financial performance measurement can be used as material of evaluation by manager in order to know the problem very early.

Output of study by Shelton (1997:107) states that service quality established from the view point of consumer can provide the added value upon the products being offered. The company has to materialize the quality pursuant to requirements demanded by the customers. Output of study conducted by Chang and Chen (1998:248) states that superior quality of the service has positive influence to profitability of the company.

Instrument of consumer service performance applied in this study is the opinion of Bonnici and Sarkis (2001). According to Bonnici and Sarkis (2001:22), measurement of business performance at the Customer Care Department among others are: Reported Faults by Type and Source; Report on Type of Faults; Enquiries from Clients to the Customer Care Department; Visits by Clients to Customer Care Center; Calls to Customer with Low Usage, Outcome; Phone Calls Made by Customer Care Personnel to Clients, Issue Addressed; Meeting Held between Personnel and Clients, Issues Addressed and Disconnections Effected, Reason Given.

RESEARCH METHODOLOGY**POPULATION AND SAMPLES**

Population in this study are 70 (seventy) Office Heads of Consumer Service Units of East Java Regional V PT. Telekomunikasi Indonesia.

SOURCES OF DATA AND DATA COLLECTING METHOD

Data applied in this study are obtained from the primary and secondary data sources, whereas the data are collected through the methods of interview and questionnaire.

VARIABLE MEASUREMENT

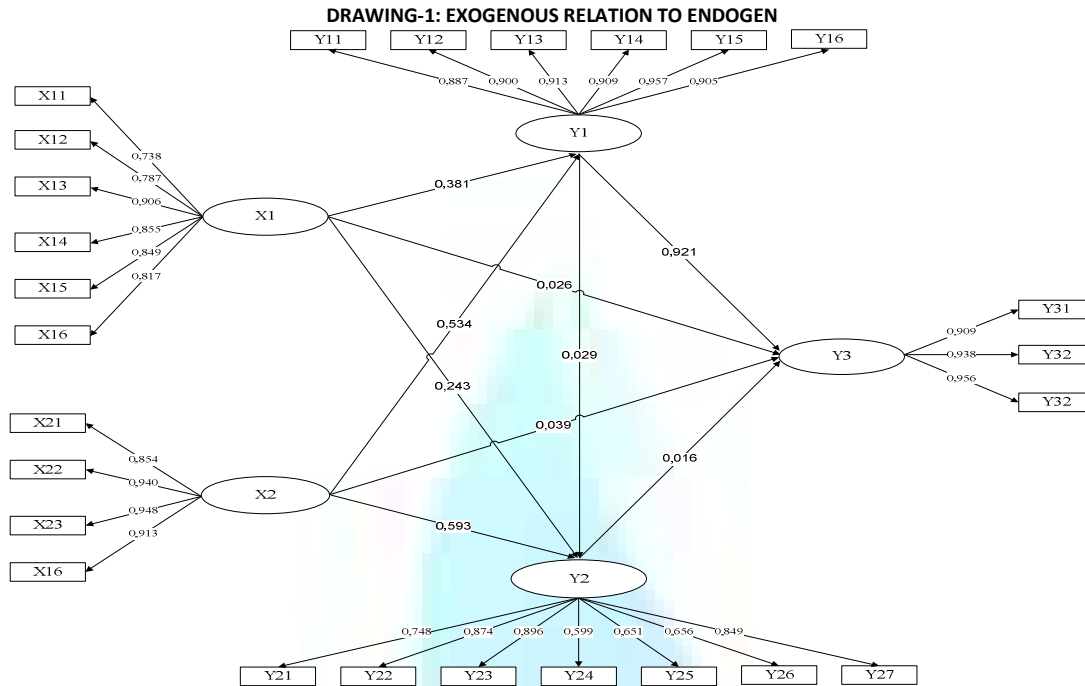
Measurement of research variables covers the corporate social responsibility, corporate culture, strategic alignment maturity, business performance and company sustainability using the Likert Scale with 5 options, namely: completely disagree (1), disagree (2), neutral (3), agree (4), and completely agree (5).

TECHNIQUE OF DATA ANALYSIS

The analysis in this research applies the model of Partial Least Square (PLS) constituting a method to construct the predictable models when the factors are abundant in number. The T statistic value is determined by using the *sample bootstrap* ($B=500$). The bootstrap method can be used for various subjects, and one of them is to determine the t-statistic value as conducted at the model of *SEM Partial Least Square*.

FINDING AND DISCUSSION

Data processing and testing using the PLS get the outputs as follows: the Structural Equation as shown in Drawing-1 and output of the Linear Coefficient Testing as shown in Table-1 below.



From the suitable model, each linear coefficient can be interpreted. Such linear coefficients constitute the hypotheses in this research that can be presented in structural equations as follows:

$$\begin{aligned}
 Y_1 &= 0.381X_1 + 0.534 X_2 \\
 Y_2 &= 0.243X_1 + 0.593X_2 + 0.029Y_1 \\
 Y_3 &= 0.026X_1 + 0.039X_2 + 0.921Y_1 + 0.016Y_2
 \end{aligned}$$

TABLE 1. OUTPUT OF LINEAR COEFFICIENT TESTING ON THE MODEL OF CORPORATE SUSTAINABILITY

Variables	Coefficient	T Statistics	TTable	Information
Corporate Social Responsibility (X ₁) → Strategic Alignment Maturity (Y ₁)	0.381	21.472	1,96	Significant
Corporate Social Responsibility (X ₁) → Kinerja Bisnis (Y ₂)	0.243	14.461	1,96	Significant
Corporate Culture (X ₂) → Strategic Alignment Maturity (Y ₁)	0.534	28.241	1,96	Significant
Corporate Culture (X ₂) → Business Performance (Y ₂)	0.593	21.346	1,96	Significant
Strategic Alignment Maturity (Y ₁) → Business Performance (Y ₂)	0.029	2.154	1,96	Significant
Strategic Alignment Maturity (Y ₁) → Corporate Sustainability (Y ₃)	0.921	67.737	1,96	Significant
Business Performance (Y ₂) → Corporate Sustainability (Y ₃)	0.016	2.192	1,96	Significant
Corporate Social Responsibility (X ₁) → Corporate Sustainability (Y ₃)	0.026	2.655	1,96	Significant
Corporate Culture (X ₂) → Corporate Sustainability (Y ₃)	0.039	4.052	1,96	Significant

Sources: The Processed Data.

Based on the data shown in Table-1, it is known that all variable relations materialized in 9 (nine) hypotheses have significant influence leading to positive relationship.

INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY TO THE STRATEGIC ALIGNMENT MATURITY

Corporate social responsibility has significant influence to the strategic alignment maturity leading to positive relationship. This is shown from the linear coefficient having the positive sign at the amount of 0.381 with the T-statistic value of 21.472 bigger than the T-table = 1.96. It means that the implementation of corporate social responsibility program can give contribution to the criteria of skill in the strategic alignment maturity, namely condition of company social environment. This is caused by facts that the CSR activities have direct or indirect relation with the needs and interests of the stakeholders (company social environment). CSR becomes the business strategy that can be maximized in order to increase the positive image of the company.

INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY TO THE BUSINESS PERFORMANCE

The corporate social responsibility has significant influence to the business performance, leading to positive relationship. This is indicated by the linear coefficient having the positive sign at the amount of 0.243 with the T-statistic value of 14.461 bigger than the T-table = 1.96. It means that the corporate social responsibility has significant influence to the business performance. This means that if the company carries out the true real and sustainable corporate social responsibility activities by maximizing the positive impacts and at the same time minimizing the negative impacts of certain business activities, the company will be able to enjoy good market performance and in turn will also be able to be enjoyed by the stakeholders. Implementation of corporate social responsibility will establish the increase in trust and image of the stakeholders, so that able to give contribution in materializing the increase of the company performance.

INFLUENCE OF CORPORATE CULTURE TO THE STRATEGIC ALIGNMENT MATURITY

Corporate culture has significant influence to the strategic alignment maturity, leading to positive relationship. This is shown by the linear coefficient having the positive sign at the amount of 0.534 with the T-statistic value of 28.241 bigger than the T-table = 1.96. It means that the more number of company employees accept the core values taken by the company and feel so much bound to them, the easier a strategy to be implemented in a company, because the alignment level of perception in the applicable corporate culture is significantly related to the alignment level of the strategy. The cultural adjustability level contributes the major amount of variants at the level of strategic alignment maturity. Corporate culture has a potential to give contribution to the optimal achievement supporting the alignment level between the business strategy and the information technology.

INFLUENCE OF CORPORATE CULTURE TO THE BUSINESS PERFORMANCE

Corporate culture has significant influence to the business performance, leading to positive relationship. This is indicated by the linear coefficient having the positive sign at the amount of 0.593 with the T-statistic value of 21.346 bigger than the T-table = 1.96. It means that the corporate culture significantly influences the business performance. The meaning is that the higher the characteristics of the corporate culture is, the more conducive the corporate culture to be in forming the positive behavior (high performance), because corporate culture constitutes a system of meaning and the joint control followed by members of the

company. Involvement in cultural context is the empowerment of culture as the actualization of ability to develop every employee independently, the company organizes the work activities for the team and develop the employee's capability to achieve the maximum results.

INFLUENCE OF STRATEGIC ALIGNMENT MATURITY TO THE BUSINESS PERFORMANCE

Strategic Alignment Maturity has significant influence to the business performance, leading to positive relationship. This is shown by the linear coefficient having the positive sign at the amount of 0.029 with the T-statistic value of 2.154 bigger than the T-table = 1.96. It means that the available alignment between the information system and the business unit is able to support and improve business performance of the company. Through the alignment between the information system plan and the business plan, the information resources will support the business goal and gain the profit in grabbing the opportunities in order to utilize the information system strategy. Strategic Alignment means the conformance between priority and activities of information system function and business unit. The goals of strategic alignment are: priority, ability, decision and information system action in order to support the whole business.

INFLUENCE OF STRATEGIC ALIGNMENT MATURITY TO THE CORPORATE SUSTAINABILITY

Strategic Alignment Maturity has significant influence to the Corporate Sustainability, leading to positive relationship. This is indicated by the linear coefficient having the positive sign at the amount of 0.921 with the T-statistic value of 67,737 bigger than the T-table = 1.96. It means that the company which is successful in performing the integration between information technology and the business strategy shows the significant increase in its income. Alignment of business strategy and the information technology is applied by the company to increase the efficiency, to reduce the costs, to create the constraints to new comers, to improve relationship between consumers and suppliers, and to establish products and solution of new business in achieving the company sustainability. Strategy in developing the information technology shall have the alignment with the business strategy run by the company.

INFLUENCE OF BUSINESS PERFORMANCE TO THE CORPORATE SUSTAINABILITY

Business Performance has significant influence to the Corporate Sustainability, leading to positive relationship. This is shown by the linear coefficient having the positive sign at the amount of 0.016 with the T-statistic value of 2.192 bigger than the T-table = 1.96. It means that the business performance significantly influences the corporate sustainability. The business performance in this study is non-financial performance, namely service performance to the customers. Measurement of customer service performance can be used as material for evaluation by the manager to know the problems early and able to measure the customer-oriented indicators.

INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY TO THE CORPORATE SUSTAINABILITY

Corporate Social Responsibility has significant influence to the Company Sustainability, leading to positive relationship. This is indicated by the linear coefficient having the positive sign at the amount of 0.026 with the T-statistic value of 2.655 bigger than T-table = 1.96. It means that the CSR program constitutes the company commitment to support the establishment of company sustainability. Application of CSR program is one of the forms of implementation of the concept of good company governance. CSR program constitutes commitment of the company to support the establishment of corporate sustainability.

INFLUENCE OF CORPORATE CULTURE TO THE CORPORATE SUSTAINABILITY

Corporate Culture has significant influence Corporate Sustainability, leading to positive relationship. This is shown by the linear coefficient having the positive sign at the amount of 0.039 with the T-statistic value of 4.052 bigger than T-table = 1.96. It means that the corporate culture influences the way the employees understand and apply the company sustainability. An organization dominated by culture will place bigger emphasis on efficiency of resources in striving for the company sustainability.

CONCLUSION

1. Corporate social responsibility has significant influence to the strategic alignment maturity leading to positive relationship, corporate social responsibility has significant influence to the business performance leading to positive relationship, corporate culture has significant influence to the strategic alignment maturity leading to positive relationship, corporate culture has significant influence to the business performance leading to positive relationship, strategic alignment maturity has significant influence to the business performance leading to positive relationship, strategic alignment maturity has significant influence to the corporate sustainability leading to positive relationship, and business performance has significant influence to the corporate sustainability leading to positive relationship, the corporate social responsibility has significant influence to the corporate sustainability leading to positive relationship, and the corporate culture has significant influence to the corporate sustainability leading to positive relationship.
2. In general, the important finding of this study is that it gives theoretical contribution to the analysis in strategy management and organizational behavior in telecommunication industry in performing the empirical research on the corporate sustainability, namely the conformance or alignment of corporate social responsibility, corporate culture and its influence to the strategic alignment maturity, business performance and company sustainability. The role of strategic alignment maturity is so strong, and on the other hand the role of business performance is so weak in achieving the corporate sustainability.
3. In general as the important finding for the company policy is that the highest values of loading factors cover: the employment practice in corporate social responsibility, adaptability to corporate culture, scope and architecture in strategic alignment maturity, customer visit in business performance and the economic dimension in company sustainability. Meanwhile, the lowest value of loading factors among others are the company governance in corporate social responsibility, involvement of employee in corporate culture, communication between business unit and information technological unit in strategic alignment maturity, calls/contacts to customers having the low purchase criteria in business performance and environmental dimension in corporate sustainability.
4. Based on the outputs of validation or proving on the nine hypotheses, a conclusion can be made in integrated way that the influence of corporate social responsibility and corporate culture simultaneously through the strategic alignment maturity can achieve the company sustainability. The influence of corporate social responsibility and corporate culture simultaneously through the business performance can establish the corporate sustainability.

SUGGESTIONS

1. The Management of PT. Telekomunikasi Indonesia needs to pay attention to the highest value of loading factors, among others: the employment practice in corporate social responsibility, adaptability of employees to the corporate culture, scope and architecture in strategic alignment maturity, customer visit in business performance and the economic dimension in corporate sustainability.
2. The Management of PT. Telekomunikasi Indonesia needs to pay attention to the lowest value of loading factors, among others: the company governance in the program of corporate social responsibility, involvement of employee in corporate culture, communication between business unit and information technological unit in strategic alignment maturity, calls / contacts to customers having the low purchase criteria in business performance and environmental dimension in corporate sustainability.
3. The next research is expected to use the more various stakeholders, such as the customers, suppliers, shareholders, government and employees.

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