



Antecedents and Consequences of Corporate Social Responsibility Implementation in Mining Industries Sector

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Abstract:

The objective of this paper is to find out the effect of, they are: (1). the effect of HR implementation toward CSR implementation in organization mining industries in Indonesia; (2). the effect of CSR implementation toward organizational performance in organization mining industries in Indonesia. A survey of 16 organization in mining industries (over 150 employees), Research findings show that there is an effect between HRM, CSR Implementation and Company Performance. Due to the limited number of organizations using CSR-related HRM implementation. Organizations that are socially responsible and follow a strategic approach to HRM exhibit better performance outcomes, especially in profitability.

Keywords: *CSR implementation, HR implementation, organizational performance.*

INTRODUCTION

In this context there arises a question regarding the benefit of CSR, CSR may be of value to employees and society. Prior research efforts to empirically verify that the CSR performance linkage have provided some positive support for the CSR impact on the financial performance of the organization (Orlitzky et al., 2003 van Beurden and Gossling, 2008). The association between HRM and CSR is twofold, on the one hand, HRM as a management function of an organization, can be looked upon as an object of CSR. From a legal perspective CSR encompasses not only steps taken to minimize the impact of an industry on the surrounding community and environment, but all corporate responsibility activities of interest to a company's stakeholders. The CSR concept is self-rooted in good corporate governance, which begins with compliance with legal norms and expands to become a code of conduct emphasizing the ethical aspect of business behavior and maintaining a good relationship with stakeholders. As to the practitioners' opinion of the CSR benefits, it is rather divided. Some recognize the relevance of multiple stakeholders and willingly invest in CSR activities; while others consider CSR an extra cost. The latter even argue that an idea of CSR is inconsistent with shareholders' interests of profit maximization (McWilliams and Siegel, 2001; Balabanis et al., 1998). Based on empirical studies above, there are two research questions, they are: (1). Is there the effect of HR implementation toward CSR implementation in organization mining industries in Indonesia?; (2). Is there the effect



of CSR implementation toward organizational performance in organization mining industries in Indonesia?

THEORETICAL FRAMEWORK

Corporate social responsibility (CSR) is the way a corporation achieves a balance among its economic, social, and environmental responsibilities in its operations so as to address shareholder and other stakeholder expectations. It is known by many names, including corporate responsibility, corporate accountability, corporate ethics, corporate citizenship, sustainability, stewardship, and triple-E bottom line (economical, ethical, and environmental). CSR is a general management concern; that is, it is important to all aspects of business, and it is integrated into a corporation's operations through its values, culture, decision making, strategy, and reporting mechanisms. Kotler and Lee (2005) argue that CSR is an organization's commitment to the enhancement of the community's well-being through ethical business practices and contribution of corporate resources. Mc Williams et al. (2006) refer to CSR as an organization's disinterested and voluntary, i.e. not required by law, engagement into activities leading to the attainment of some good. Friedman (1970, 1977) agency theory also supports the idea that CSR refers merely to the organization's obligation to make maximum profit in compliance with law and minimal ethical restrictions. Orlitzky and Swanson (2006) distinguish between two corporate value model, they are value neglect and value attunement. Employee engagement in CSR activities also requires developing their positive attitudinal and behavioral characteristics (Baptise, 2008). The notion of "strategic HR" is common enough – certainly a plethora of books, articles, Internet publications, and the like exists to spur HR professionals towards strategizing their business management.

METHODOLOGY

In this study, to gain the data face to face questionnaire was applied, instrument to ensure that the question are understood by the respondents that are no problems with wording and measurement. Hypothesis testing is using as a methods of this study with purposive random sampling with 235 respondents from 16 organization mining industries with survey technique. Using regression and correlations statistical analysis data of analysis.

RESULTED

To test the hypotheses, a regression analysis was performed. Relationship were considered statistically significant with 0.95 confidence, if $p \leq 0.05$. H1 stated the effect of HR implementation toward CSR implementation in organization mining industries in Indonesia. Results of the regression analysis showed that the HR strategy possession and extent to which the HR function performance evaluated have a



positive impact on the possession of formal CSR-related policy. H2 the effect of CSR implementation toward organizational performance in organization mining industries in Indonesia.

Table-1
Statistical Resulted

Dependent Variable	Predict	Unstand Coefficient	Standard Error	Standardized Coefficient	t Value	Sig
CRS Implt	HRM I	0.12	0.23	-	0.822	0.24
R ² = 0.32	RI	0.0056	0.633	0.038	3.95	0.65
R ² Adj = 0.7	Manager	0.564	0.07	0.330	0.63	0.00
ANOVA		0.140	0.556	0.778	2.244	0.03
Sig = 0.000		3.441	0.130	0.252	0.944	0.05
Org P	CSR P	0.644	1.127	0.130	2.93	0.00
R ² = 0.55	VS	0.4588	0.290	0.645	1.05	0.56
R ² Adj = 0.5		0.335	0.163	0.539	2.07	0.77

Sources: Statistical Analysis

DISCUSSION AND IMPLICATION

Theoretical framework and the drawn conclusions from our empirical analysis attempts to contribute practically by functioning as guidelines for the implementation process of CSR. Through our theoretical review and through the exploration of the developed propositions, organizations implementing CSR can find guidance and guidelines in the different phases and steps of the CSR implementation process. Our findings can be used in organizations and companies that are implementing or have implemented CSR. Given that CSR is a complex instrument it is difficult to create a model that all companies may apply in every step of the CSR implementation process. We believe that our model could be better used partially, where organization may pick out parts in the different steps of the CSR implementation model and use these as guidelines in their own CSR implementation. Moreover, organizations can compare our findings and the created CSR implementation model with their own CSR work to get indications on which factors they should take into special consideration when implementing CSR. However, we think that in order to generalize and apply our findings and the CSR implementation as a whole when implementing CSR, further testing and research should be done. This research regarding the CSR implementation process from a management perspective. In this section we supply suggestions to future research that could be conducted within the CSR implementation area.



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