The Implications of Corporate Social Responsibility and Firm Performance with Reputation as Intervening Variable
Empirical Study in the Manufacturing Company in Indonesia

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Abstract— In this research, the researcher explore the following question. Can implementation of environmental CSR and employee CSR effect to corporate reputation and respectively lead to its firm performance? This study discusses CSR from CSR managers' and/or PR managers' viewpoints by taking the sample of manufacture industrial which located in Indonesia.

The aims of this study are to investigate: first, the effects each of CSR dimension on corporate reputation; second, the effects of corporate reputation on firm performance; and third, the intervening effects of each CSR dimension on firm performance. Empirical results support the study's hypotheses and indicate that employee CSR and corporate reputation have positive effects on firm performance, but environmental CSR have negative effect. In addition, corporate reputation partially mediate the relationship environmental CSR, employee CSR with firm performance.

This research was carried out to 53 manufacturing companies in Indonesia, with the object of the research was the CSR and PR managers. This research used the method of the survey research with the primary data collection that used the questionnaire. The sample selection that was tested in this research used the method purposive sampling, was chosen by 31 respondents as the sample of the research. The testing of the research hypothesis used Structural Equation Model (SEM) with the program smart PLS (Smart Partial Least Square) 2.0.

Keywords: Environmental CSR Implementation, corporate reputation and firm performance

I. INTRODUCTION

Various studies have suggested a positive relationship between CSR implementation with the achievement of organizational performance of the company. These studies were conducted by Riliang Qu (2009) which indicates that

CSR activities and the company's market orientation correlates positively with the company's performance. Dahlia (2008) in the Danu (2011) also showed positive relationships and corporate social responsibility the company's performance is measured using the ROE and the CAR. Based on the phenomenon of the pro and contra research results above, the authors are interested in conducting this research.

The population in this research is the Manager of CSR or corporate public relations industry existed in Indonesia, and samples in this study, namely, CSR managers and/or public relations firm the industry in Indonesia. The techniques used in sampling is the sampling purposive sample selection which is based on criteria established researchers with specific considerations with the research objectives (Sekaran, 2000). Sample criteria that were proposed as follows: (1) involved and have influence in the implementation of social responsibility, (2) Know the performance of the activity management (company) that has been achieved so that gives an overview of significant social responsibility carried out the company.

Data quality tests performed include test reliability and validity of test software with Partial Least Square (PLS). Reliability test is meant to measure the internal consistency of a questionnaire which is an indicator of a variable or invalid constructs. Measurement of reliability test done with Composite Reliability must be greater than 0.70 Ghozali (2006: 43). Validity of the test used to measure whether or not a valid or valid questionnaires. A questionnaire is said to be valid if the questionnaire questions were able to express a will be measured by the questionnaire. The validity of a test is done by comparing the value of the average variance extracted (AVE) any invalid constructs. If the value of the AVE any invalid constructs larger than 0.5 then each indicator statement is valid

Testing the validity of the data in this study is to use software PLS with Outer Model that is Convergent validity is seen with the value of the average variance extracted (AVE) each invalid constructs where the value must be greater than 0.5 then is said to have a value of discriminant validity is good. Any invalid constructs (variables) that have a value 0.5 above AVE. This indicates that any invalid constructs has the value validity of the good from each charge indicators will or questionnaires that are used to determine the influence of dimensions of CSR (environment and employee) to the reputation and performance of the company; and influence the reputation of the company's performance in industrial enterprises can be said to be valid.

Similarly with test reliability, the author uses software PLS with Composite Reliability. A reliable supporter said data if, composite reliability more than 0,7. Any invalid constructs or latent variable has the value composite reliability above 0.7,

which indicates that the internal consistency of the dependent variable (the reputation and performance of the company) and its independent (environment CSR and CSR employee) has a good reliability.

II. The influence of Environmental Dimensions of CSR to Reputation

From hypothesis testing is done, obtained results i.e. H1 is accepted where the dimension of the Environment with significant positive impact of CSR Reputations. This may indicate that the magnitude of the company's good Reputation obtained recognition from the employees, customers and other companies in one district affected by the level of concern in implementing corporate social responsibility related to the environment (environment). This result is in accordance with previous studies conducted by Sweeney (2009), which says that the CSR is described by activities such as the environment (environment) and CSR has a significant positive influence on the company's reputation.

III. The Influence of Dimensions of CSR Employee against the Reputation.

From hypothesis testing is done before, obtained results i.e. H2 received where the dimension of CSR Employee positive significant effect with a reputation. This may indicate that the magnitude of the company's good Reputation obtained recognition from employees as well as other companies in one district affected by the level of implementation of the company's social responsibility with regard to the concern for employees and staff (employee).

IV. The Influence of Environmental Dimensions of CSR Performance Against Performance of the Company.

H3 test results is stated that CSR Environment had a negative influence is insignificant to the performance of the company. This may be due to the perception of the company that the application of corporate social responsibility related to the environment (environment) will not necessarily improve the performance of the company significantly. However, this result is in accordance with previous studies conducted by Sarumpaet (2005), which says that the form of CSR on the environment /environmental performance has no influence on the company's financial performance.

V. The Influence of Dimensions of CSR Employee Against The Company's Performance.

From the hypothesis testing is done before, namely the results obtained of the H4 is accepted where the dimension of CSR Employee positive significant influence with the company's performance. This may indicate that the magnitude of the performance that earned the company recognition from both the employees as well as other companies in one district affected by the level of implementation of the company's social responsibility with regard to the concern for employees and staff (employee). This result is in accordance with

previous studies conducted by Sweeney (2009), which says that the CSR is described by activities such as employee (employee) and CSR has a significant positive influence on the company's reputation.

VI. The Influence of reputation for the company's performance

From hypothesis testing is done before, obtained results i.e. H5 positive Reputation which received significant influence with the company's performance. This may indicate that the magnitude of the performance that earned the company recognition from both the employees as well as other companies in one district affected by the magnitude of the reputation or image of the company either. These results are in line with the previous research conducted by Sweeney (2009); Caecilia (2009) and Puente et al. (2007) which says that a reputation has a significant positive influence on the achievement of the company's performance.

VII. Analysis of the Indirect influence of the dimensions of CSR Performance against Environment Managers through a reputation as Intervening Variable.

Analysis influence directly (Direct Effect), influence indirectly (Indirect Effects), and the influence of the total (Total Effects) between the variables in the model, is used to compare the magnitude of the influence of each variable invalid constructs. direct influence is the coefficient of all the line coefficient with arrows one end, while the indirect effect is an effect that arises through a variable between (Intervening variable) while the total influence is the influence of the various influences (Ferdinand, 2002: 179) in Trisnaningsih. In the current study developed a model that links the indirect influence of invalid constructs Three-dimensional Environment CSR through intermediary variables reputation (intervening variable) against invalid constructs the company's performance.. To know the influence of indirect Environmental Dimension of CSR to the company's performance can be determined from calculations of indirect influence through an intermediary variable reputation. Indirect influence is calculated by summing the direct influence of dimensions of CSR Performance against Environment company (CSR-Environment--→Firm Performance) with the results of the multiplication coefficient Dimension Environment CSR to reputation (CSR-Environment-→ Reputation), and the results of the multiplication coefficient Dimension Environment CSR Performance against company (CSR-Environment-→ Firm Performance). The magnitude of the direct influence (CSR-Environment-→ Firm Performance =-079–0.), whereas the amount of indirect influence is calculated with the results of the CSR (Environment-→Reputation = 0.477) then multiplied the regression coefficient (against Reputation-→The company's performance = 0.482).

As for the total calculation of indirect influence of invalid constructs Three-dimensional Environment CSR Performance against company through invalid constructs a reputation is as follows.Based on the above calculations, invalid constructs that mediate the influence of Reputation between the

dimensions of the Environment CSR Performance against the company. It can be seen from a comparison of direct influence with indirect influence, where direct influence is smaller than an indirect influence.

VIII. Analysis of the Indirect influence of the dimensions of CSR Employee on performance Manager Through a reputation as Intervening Variable

Analysis influence directly (Direct Effect), influence indirectly (Indirect Effects), and the influence of the total (Total Effects) between the variables in the model, is used to compare the magnitude of the influence of each variable invalid constructs. direct influence is the coefficient of all the line coefficient with arrows one end, while the indirect effect is an effect that arises through a variable between (Intervening variable) while the total influence is the influence of the various influences (Ferdinand, 2002: 179) in Trisnaningsih. In the current study developed a model that links the indirect influence of invalid constructs the dimension of CSR Employee through an intermediary variable reputation (intervening variable) against invalid constructs the company's performance. To know the influence of indirect Employee Dimension of CSR to the company's performance can be determined from calculations of indirect influence through an intermediary variable reputation. Indirect influence is calculated by summing the direct influence of dimensions of CSR Employee against company performance (Employee CSR→ Firm Performance) with the results of the multiplication coefficient dimensions of CSR Employee against Employee CSR-reputation -→ Reputation), and the results of the multiplication coefficient on performance dimensions of CSR Company Employee (Employee CSR→ Firm Performance). The magnitude of the direct influence (Employee CSR→ Firm Performance = 0.543), whereas the magnitude of the effect is not directly calculated by the results of (the Employee CSR-> Reputation = 0.505) and then multiplied by the coefficient of regression (Reputation-→ The company's performance = 0.482). Based on the above calculations, invalid constructs that mediate the influence of Reputation between the dimensions of CSR Employee against the company's performance. It can be seen from a comparison of direct influence with indirect influence, where direct influence is smaller than an indirect influence.

IX. Conclusions

Summary of this research have been digging problems that are often overlooked by business problems the application of corporate social responsibility (CSR) is their impact on internal and external stakeholders and what the impact of the implementation of the CSR for the reputation and performance of the company. Based on the results of data analysis, some conclusions can be drawn:

1. That statistically there are a positive influence significant between dimensions environment csr with reputation. Evidenced with an original estimate sample of 0.477 and significant shown with nilai t-statistik 5.699 larger than t-tabel (1,96). Then be considered h1 accepted namely dimensions environment csr have influence by reputation and influence the positive significant.

2. That statistically there are a positive influence significant between dimensions employee csr with reputation. Evidenced with an original estimate sample of 0.505 and significant shown with nilai t-statistik 5.953 larger than t-tabel (1,96). Then be considered h2 accepted namely dimensions employee csr have influence by reputation and influence the positive significant.

3. That there is a statistically significant positive effect between a reputation with the company's performance. As evidenced by the Original value of the sample estimate of significant and 0.482, indicated by a value of the t-statistic greater than 2.445 t-table (1.96). Then it can be said that it has received a reputation of H3 's influence with the company's performance and the significant positive influence.

4. That there is a statistically insignificant negative influence of dimensions of Environment CSR with Corporate Performance. As evidenced by the Original value of the sample estimate of-079–0 and insignificant, indicated by a value of the t-Statistic 0.491 which is smaller than the t-table (1.96). Then it can be said that the environmental dimension H4 rejected CSR has influence with the company's performance and the negative effects are not significant.

5. That there is a statistically significant positive effect between the dimensions of CSR Employee with the company's performance. As evidenced by the Original value of the sample estimate of 0.543 and significant, indicated by a value of the t-Statistic greater than 2 398 t-table (1.96). Then it can be said to be H5 accepted i.e. the dimensions of CSR employee has influence with the company's performance and the significant positive influence.

6. Based on the results of tests relating to the influence of the direct and indirect dimensions environmental and employee csr against the company performance indicated that statistically there is a direct influence and not directly through the reputation of the company. Which is evidenced by the value of the results of testing 0.150 to indirect effect and environmental csr -0,079 to a direct impact on the performance of the company. Then also value the results of testing 0.786 to indirect effect and employee csr 0,543 to a direct impact on the performance of the company.

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