

**EVALUATING INTERNAL CSR USING IMPORTANCE AND PERFORMANCE ANALYSIS
AT PT. MEARES SOPUTAN MINING***MENGEVALUASI CSR INTERNAL MENGGUNAKAN IMPORTANCE AND PERFORMANCE
ANALYSIS PADA PT. PERTAMBANGAN SOPUTAN MEARES*

By:

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Abstract: The purpose of this research is to evaluating internal CSR using importance and performance analysis at PT. Meares Soputan Mining. This research used quantitative method. 31 samples were collected with questionnaire distributed to the employee of PT. Meares Soputan Mining. The result of this research shows that the importance and performance of internal CSR refers to the actions that corporations choose to take to satisfy the expectations of employees, actively fulfill and improve organizational fairness regarding employees (such as improving the happiness and satisfaction of employees' health), and ensure work safety and the growth and development of employees and 5 points Likert scale was used to help the data analysis in this research for importance and performance.

Keywords: internal CSR, important and performance

Abstrak: Tujuan dari penelitian ini adalah untuk mengevaluasi CSR internal menggunakan analisis kepentingan dan kinerja pada PT. Meares Soputan Mining. Penelitian ini menggunakan metode kuantitatif. 31 sampel dikumpulkan dengan kuesioner yang dibagikan kepada karyawan PT. Meares Soputan Mining. Hasil penelitian ini menunjukkan bahwa kepentingan dan kinerja CSR internal mengacu pada tindakan yang dipilih perusahaan untuk dilakukan untuk memenuhi harapan karyawan, secara aktif memenuhi dan meningkatkan keadilan organisasi terhadap karyawan (seperti meningkatkan kebahagiaan dan kepuasan dari kesehatan karyawan), dan memastikan keselamatan kerja dan pertumbuhan dan perkembangan karyawan dan 5 poin skala Likert digunakan untuk membantu analisis data dalam penelitian ini untuk kepentingan dan kinerja.

Kata Kunci: CSR internal, kepentingan dan kinerja

INTRODUCTION**Research Background**

A company cannot be separated from the employee as the role major to run the life of the company and as an active actor of each organizational activity. Employees are assets as factors of production for the company as driving force for every activity that exists in a company and its existence very much determines the dynamism and mobilization of the company. Hence the company must always try to increase awareness of the quality of resources human beings so that they can carry out their work activities optimally. Forms of company concern for employees can be done by implementing the corporate social responsibility program. Corporate Social Responsibility (CSR) is one of important thing to have in a company.

The concept of corporate social responsibility (CSR) is often defined as the integration of social and environmental concerns in a company's operations and in its interactions with stakeholders on a voluntary basis. It is commonly accepted that extractive industries are at the cutting edge when it comes to practicing CSR and that CSR is especially important in the mining sector. CSR needs to be implemented at every level of an organization if it is to have any meaningful impact. CSR serves to offer the much needed linkages between the

community and commerce. More so, it allows commerce to connect with socioeconomic policies that in turn allow for further development of enterprise within the community (Hockerts and Morsing, 2009).

PT. Meares Sopotan Mining, a private mining company that hold the two Contracts of Work (CoW) that cover the mining and exploration areas, so as PT. Tambang Tondano Nusajaya, both operating companies are wholly-owned by PT Archi Indonesia (PTAI) is a jointly held gold mining operation in Toka Tindung Site, at East Likupang, North Minahasa Region, North Sulawesi. The company also have Corporate Social Responsibilities, either External CSR or Internal CSR. The External CSR that are more focused on environmental issues are implemented well in the surroundings of the gold site. The Internal CSR to the employee itself, also have to be implemented well. Establishing their CSR program, the company not differentiate the employee by their sex, ethnic, religion, race, culture, etc. Based on the explanation above, this research will evaluate more about Internal CSR in PT. Meares Sopotan Mining, according to the Internal CSR practices on previous researches, that possible to become the indicators of the research.

Research Objectives:

The objective in conducting this research are as follows:

1. To Evaluate the Importance of Internal Corporate Social Responsibility at PT. Meares Sopotan Mining using IPA Method
2. To Evaluate the Performance of Internal Corporate Social Responsibility at PT. Meares Sopotan Mining using IPA Method

THEORETICAL FRAMEWORK

Human Resource Management

HRM has been argued to be a replacement of the term personnel management in organizations. In this light, Armstrong (1987) sees HRM as 'old wine in new bottles'; while Guest (1987) argued that human resource management is not a replacement but somehow differs from personnel management. Storey (1995) defines HRM as "a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques"; while Byars and Rue (2004) see HRM as "activities designed to provide for and coordinate the human resources of an organization."

Internal and External CSR

Commission of the European Communities (2001) made difference between internal and external dimension of CSR in the Green Paper – Promoting European Framework for CSR. It is considered that external stakeholders are the beneficiaries of external CSR activities, and employees are the beneficiaries of internal CSR activities (Farooq, Rupp, and Farooq, 2017:957).

Internal CSR

Internal CSR refers to socially responsible activities oriented towards internal stakeholders. Within the company, socially responsible practices primarily involve employees and relate to issues such as investing in human capital, health and safety, and managing change (Commission of the European Communities, 2001:8). Activities like employee training, continuing education programs, safe working environments, diversity policies, daycare programs, and ethical labor practices are parts of internal dimension of CSR (Hur, Moon and Choi, 2019; Farooq, Rupp, and Farooq, 2017).

External CSR

Most discussions in the CSR field are driven by issues inherent to external CSR (e.g., the preservation of the environment; companies' involvement in the communities where they operate), while the concept of internal CSR (I-CSR) has been relatively ignored (Aguilera et al., 2007; Aguinis and Glavas, 2012). I-CSR refers to how firms respond to their responsibilities in regards to their employees, i.e., the work relations sphere. Standards of internal social responsibility within firms are discussed in several international documents, such as the European Union's Green Paper (European Commission, 2001) and the United Nations' Global Compact.

Previous Research

Ekawati and Prasetyo (2016) aimed to find the implementation of Internal CSR, then exploring the effects of internal corporate social responsibility (CSR) that impact on employee's performance through organizational commitment in hospitality industry. It used the questionnaires which distributed to the employees at hospitality industry, such as the four and five star hotels in Jakarta. Researcher is use the quantitative methods by collecting the distribution of questionnaires, processing data with Tetrad IV based on comprehensive research design by path analysis. Internal CSR in this research represented by four dimensions, namely training & education (X1), health & safety(X2), workplace diversity (X3), and work-life balance (X4), while the organizational commitment (Y) and performance (Z). The results of this study suggest that managers should focus on the factor that have a significant effect on organizational commitment and find out the impact toward employees performance. Also only one variable (work life balance) which has mediating between organizational commitment and employee's performance, the variable as a moderating variable

Low and Ong (2015) presented a research agenda to look into internal CSR practices as to how it manifest among the crucial stakeholders of every organization, i.e. the employees, on their attitudes and behaviors. As Small Medium Sized Enterprises (SMEs) are gaining its foothold in Malaysia, they also encountered many challenges, one of these is the issue of high employee turnover that lead to substantial costs to the organizations. The findings reveal that internal CSR practices enhanced employee job satisfaction and also resulted in the reduction of employee's turnover intention. It was interesting to discover that internal CSR practices enhance employee's organizational commitment like job satisfaction, but it failed to reduce employee's turnover intention through enhanced organization commitment as a result of internal CSR practices. The results also show that perceived ease of movement has an impact on employee's turnover intention.

Imran et al. (2016) explored how perceived external CSR (efforts directed toward external stakeholders) and perceived internal CSR (efforts directed toward employees) activities influence employees' organizational identification. In so doing, it examined the alternative underlying mechanisms through which perceived external and internal CSR activities build employees' identification. Applying the taxonomy prescribed by the group engagement model, the study argues that the effects of perceived external and internal CSR flow through two competing mechanisms: perceived external prestige and perceived internal respect, respectively. Further, it is suggested that calling orientation (how employees see their work contributions) moderates the effects induced by these alternative forms of CSR. The model draws on survey data collected from a sample of 414 employees across five large multinationals in Pakistan. The results obtained using structural equation modeling support these hypotheses, reinforcing the notion that internal and external CSR operate through different mediating mechanisms and more interestingly employees' calling orientation moderates these relationships to a significant degree

Conceptual Framework

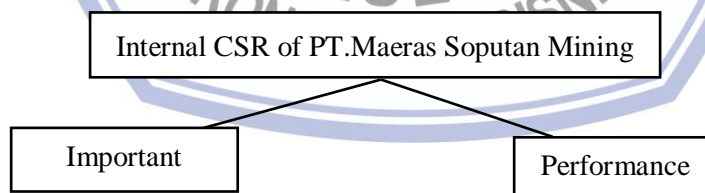


Figure 1. Conceptual Framework

Source: Data Processed (2022)

RESEARCH METHOD

Research Approach

This research is descriptive study with a quantitative approach. Aliaga and Gunderson (2002) states that quantitative research is explaining phenomena by collecting numerical data to be analyzed using mathematically based methods (in particular statistics). According to Siregar and Dongoran (2013), descriptive method is a study conducted to determine the value of an independent variable, either one or more variables (independent) without making comparison or connection between one and the other variables.

Population, Sample Size, and Sampling Technique

Population is all members of a defined group that possess some common characteristic defined by the sampling criteria established by the researcher. According to Malhotra (2010), population is the aggregate of all the elements, sharing some common set of characteristics that comprises the universe for the purpose of the marketing research problem. The population in this research are the employee at PT. Meares Sopotan Mining in Manado Representative Office. Every possible sample of a given size has the same chance of selection (Easton and McColl, 1997). Based on Slovin formula, the sample size is 31 people who meets the criteria above. Purposive sampling technique was used in this research to obtain the information from the selected respondent that has the criteria. Purposive sampling also known as subjective or selective sampling, it is a sampling when the researchers decide or select the member of the population based on their own judgment. Researchers specifically approach the individuals with certain characteristics.

Data Collection Method

This research conducted with two resources data: Primary data is the data obtained directly from the original source, specifically the primary data collected by researchers to answer the research questions. Secondary data collected for some purpose other than the problem at hand taken from company data, books, journals, articles, and relevant literature from library and internet. These secondary data were used in the background, literature review research method, and discussions.

Operational Definition of Research Variable

Internal CSR are activities that directly related to the physical and psychological work environment employees. Internal CSR refers to socially responsible activities oriented towards internal stakeholders.

Validity and Reliability Test

Validity test is the measurement tool that is used to get the data is valid. Validity is extent to which a construct measures what it is supposed to measure. An easy measure of validity would be to compare observed measurement with the true measurement (Hair et al, 2007). By comparing correlation index in Pearson Product Moment Correlation Coefficient to test the validity of variables, with significance level of 5% it can be seen valid or not a research instrument. If probability of correlation is less than 0.05 (5%) then the research instrument is stated as valid. Reliability test is established by testing for both consistency and stability of the answer of questions. The reliability of measure indicates the extent to which it is without bias (error free) and hence ensures consistent measurement across time and across the various items in the instrument. This reliability test in this research used Alpha Cronbach. If Alpha is less than 0.6 then it is unreliable

Importance and Performance Analysis

Importance Performance Analysis was first proposed and introduced by Martila and James (1977) as a means by which to measure client satisfaction with a product or service. The IPA approach recognizes satisfaction as the function of two components: the importance of a product or service to a client and the performance of a business in providing that service or product (Martila and James, 1977). The interpretation of the IPA is graphically presented on a grid divided into four quadrants. The figure shows below the IPA grid. The Y-axis reports customers' perceived importance of selected attributes, and the X-axis shows the products or services performance in relation to these attributes

RESULT AND DISCUSSION

Validity and Reliability Test

Validity test is aimed to test whether the question items or indicators are able to measure what is supposed to be measured. By comparing correlation index in Pearson Product Moment Correlation Coefficient to test the validity of variables, with significance level of 5% it can be seen valid or not a research instrument. If probability of correlation is less than 0.05 (5%) then the research instrument is stated as valid.

Table 1. Validity Test

		Correlations		
		avr_importance	avr_performance	avr_imp_per
avr_importance	Pearson Correlation	1	.361	.677**
	Sig. (2-tailed)		.050	.000
	N	31	31	31
avr_performance	Pearson Correlation	.361	1	.931**
	Sig. (2-tailed)	.050		.000
	N	31	31	31
avr_imp_per	Pearson Correlation	.677**	.931**	1
	Sig. (2-tailed)	.000	.000	
	N	31	31	31

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Data Processed, 2022

Reliability test is to measure if one item of question tested several times would give consistent value. Reliability analysis was using the Alpha Cronbach Analysis. The interpretation of Alpha Cronbach (Sekaran 2003).

Table 2. Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
.815	3

Source: Data Processed, 2022

Discussion

Organization's Concern for Employee Health

The organization concern for their employees more refer to performance consider higher than importance because from the result of the answers that need to be discuss from the questions about the company awareness about the their employee health such as giving them training in the office and give and update about the information that relate with their contract also about the fulfilling the needs of the employee such as the cost of medicine. Organizations are beginning to realize the benefits of providing employees with a supportive work environment, and in particular, of providing employees with supportive working conditions that promote health (Mearns, et al., 2010).

Organization's Concern for Employee Health Safety

Performance and performance mostly are the same the company itself concern about the safety of their employee such as if there is an accident that about to happened, also with their privacy rights in order to create a comfortable working condition also with the contract that involve the working commitment of the employee itself, such as the rules, uniform. Further, Employee health and safety programs should be a major priority for management because they safe lives, increase productivity, and reduce costs (Jonathan and Mbogo, 2016).

Organization's concern for Employee Health Well-Being

In this indicator performance is more higher that importance from the list of questions the company concern to do kind of program by program in order to increase the knowledge of their employee, and it is so usefully for them itself, and also give them a fair treatment, the facility, salary based on position and skill that they have and pension according with their length of service to the company, and also give them a easy procedure to take a time off basic on what kind of reason that they have. Workers' health and well-being should also become more important concerns because of the growing awareness that other elements in the workplace pose risks for workers (Danna and Griffin, 1999).

Organization's Concern for Employee's Participation in Decision-Making

Performance is more higher that the importance from the indicator question can be conclude company giving an information about the changing contract agreement and just like that has been discuss about from the 3 indicator the last indicator discuss almost the same thing ad its add more about the for the employee to freely

have religion because the company concern for the employee itself. Participation in management initiatives motivates employees to deliver quality services to customers and improve organizational productivity (Bendix, 2010).

CONCLUSION AND RECOMMENDATION

Conclusion

1. The company itself have high level of awareness for their employee by making a new program in order to increasing the performance of the employee itself for the detail company always giving an open update so the employee can see the information that been inform to the health of the employee the company have their own budget for the medicine also see every possibility of failed working condition both uniform inside and outside in this research the author only evaluating the inside of the company
2. The company itself concern about the safety of the employee because the working condition have their danger on their own because this study taking place on the company that moves in mining working condition, by means they also have a legit agreement with the government and also with the employee.
3. By means the safety company also giving a proper and safety uniform for each employee in other words the company feels important for they employee itself such as giving facility, and any other kind of assist that help them to have comfortable working condition and basic on this research it is generates a good performance for the employee itself

Recommendation

1. Recommendation for PT Soputan Mining itself there is not much to add because from the system that the company have it self already represent the health of their employee and so on itself such as the salary they get and the compensation and the insurance of the safety work, but from the author perspective when conduct the research at PT Soputan Mining itself is increase the safety of the employee itself by means have regular checkup for the tools have been used such as the helmet uniform the vehicle and all the things that consider important for the working condition and for the CSR external itself Company should consider more about the mother nature so it can be reuse in the future

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