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"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

Analysis of Implementation of Corporate Social Responsibility (CSR) in Supporting Company's Financial and Non-Financial Performance (Study at PT. Indo Lima Oetama)**Khesa Vanoca^{1*}, Junita Putri Rajana Harahap¹**¹²Universitas Muslim Nusantara Al Washliyah Medan

Jl. Garu II A Harjosari I, Kec. Medan Sandpaper, Medan City, North Sumatra

*Email : khesa.vanoca1200@gmail.com**ABSTRACT**

Corporate Social Responsibility (CSR) is a company strategy in building a reputation that can provide reciprocal relationships with stakeholders. The implementation of Corporate Social Responsibility (CSR) can improve the company's image which will have an impact on company performance. The purpose of this study was to determine the implementation of Corporate Social Responsibility (CSR) programs carried out by PT. Indo Lima Oetama, and analyze the implementation of CSR in supporting the company's financial performance and non-financial performance. This study used qualitative research methods. Research with primary data and secondary data obtained through interviews directly with the owner of the company, the finance department, the community around the company. Secondary data obtained from offices and financial report documents. The results of the research show that the implementation of CSR by PT. Indo Lima Oetama can support the company's financial performance and non-financial performance. In its financial performance, it experienced an increase in profit, increased liquidity, increased net profit (ROI), and increased revenue (ATO). While non-financial performance shows an increase in customer satisfaction, number of customers, increase in employee productivity, employee satisfaction and employee capabilities.

Keywords: Corporate Social Responsibility (CSR), Financial Performance, Non-Financial Performance, Company.

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INTRODUCTION

Corporate Social Responsibility (CSR) is an effort made by companies to show social responsibility as a manifestation of ethics in building long-term performance. Fatdillah, (2019:4). The development of issues regarding CSR and ethics in doing business has made many companies begin to realize that success must be built on the appreciation and trust of society.

Current Corporate Social Responsibility has revealed that companies are no longer faced with responsibilities that are based on a single bottom line, namely corporate value which is reflected in its financial condition (financial) alone. Corporate responsibility must also be based on triple bottom lines, which are consisting of financial, social and environmental. Yudharma, (2017:172).

Today's society has a different view of a business, society does not only require companies to meet the need for a product, but also requires companies to have concern for the environment in the form of social responsibility. Fatdillah, (2019:3).

The existence of corporate social responsibility or corporate social responsibility is a form of breakthrough that has a function of mutual support for the course of a company's social and business activities. Doing CSR is not just a charity activity, but also a must for companies.

The implementation of the CSR program is currently being developed to be implemented by companies in Indonesia, but in its implementation or implementation, not all companies carry out the program properly. Because there is still no uniform and clear definition of corporate social responsibility, some companies tend to carry out corporate social responsibility soberly and as a formality. Sirait, (2018:5).

Penelitian terdahulu yang dilakukan Suardani (2020) mengatakan bahwa *Corporate Social Responsibility* berpengaruh positif terhadap kinerja perusahaan. The model of corporate social responsibility carried out by PT. ILOE includes responsibility for the impact of activities on the environment, consumers, employees, stakeholders and all members of society. Types of CSR activities that are usually carried out by PT. ILOE is the field of education, facilities and infrastructure. Health services, such as the construction of new schools and classrooms, the provision of educational scholarships for tahfiz qur'an, the construction of houses of worship, the field of health services such as the provision of clean water. The following is the Realization of CSR Funds of PT. Indo Lima Oetama (ILOE) for the 2018-2020 period:

Table 1. Realization of Corporate Social Responsibility Funds
PT. Indo Lima Oetama Period 2018-2020

No	CSR Program	Year	Realization
1	Education Programs	2018	Rp. 12.342.200
		2019	Rp. 10.120.300
		2020	Rp. 11.420.000
2	Facilities and Infrastructure Development Program	2018	Rp. 10.230.000
		2019	Rp. 9.450.700
		2020	Rp. 9.750.000
3	Health Service Program	2018	Rp. 11.120.000
		2019	Rp. 10.600.000
		2020	Rp. 10.900.300

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Source: PT. Indo Lima Oetama, 2022

The implementation of each subsidiary company coordinates with the ILOE head office in planning the CSR activities to be carried out, Meanwhile at the ILOE head office also implements CSR programs related to social activities such as providing assistance to victims of natural disasters and Qur'an houses. Causes of problems in implementing CSR at PT. ILOE, the head office is not fully able to monitor the CSR activities carried out by each subsidiary in its area, resulting in several major problems such as not being on time in implementing CSR activities as planned, as well as due to a lack of commitment by some parties at the subsidiary offices so that causing the implementation of CSR to be inadequate.

From what has been described above the author intends to conduct scientific research on the implementation of CSR which will be carried out at PT. Indo Lima Oetama Pasaman Barat. Because PT Indo Lima Oetama is a company engaged in trading, each Limited Company (PT) as explained above in the limited liability company law No. 40 of 2007 is required to carry out corporate social responsibility (CSR) as outlined in a thesis entitled: "Analysis of the Implementation of Corporate Social Responsibility (CSR) in Supporting the Company's Financial and Non-Financial Performance (Studies at PT. Indo Lima Oetama)." Based on the background and the formulation of the problem that has been presented above, the purpose of this study was to determine the analysis of the implementation of Corporate Social Responsibility (CSR) in supporting PT ILOE's financial and non-financial performance.

METHODS

The type of research conducted in this study is a qualitative data analysis method. According to Sugiyono (2017: 9) states that a qualitative method based on postpositivism or enterpretive philosophy is used to examine the condition of natural objects where researchers are the key instrument, data collection techniques are carried out by triangulation (a combination of observations, interviews, documentation).

In a study, the research subject has a very strategic role because the research subject is the data about the variables that the researcher observes. The research subjects used in this study are the owners of PT. ILOE, the community around PT. ILOE, finance division of PT. ILOE.

The research location in this study was at PT Indo lima Oetama which is located at Jalan Simpang Empat, Nagari Lingkuang Aua, District. Pasaman, West Pasaman Regency and KP Cubadak, District. Pasaman, Kab. East Passage. The time for this research starts from the initial submission of the title in October 2021 until the end of the thesis trial.

Data collection techniques used in this study are as follows:

1. Interview
2. Observation
3. Documentation

The data analysis technique according to Sugiyono (2017: 224) is the process of searching for data obtained from interviews, observations, documentation that is arranged systematically, organizes data into categories, describes data into units,

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performs data synthesis, and arranges into patterns, and is selected important and studied so that conclusions can be easily understood by researchers and others.

The data analysis process uses the Miles and Huberman model which includes three activities, namely data reduction, data display, and conclusion drawing.

RESULT AND DISCUSSION

Analysis of the Implementation of CSR in Supporting the Financial Performance of PT. Indo Lima Oetama

Analysis of the implementation of CSR in supporting financial performance is carried out by analyzing financial performance using the balanced scorecard from a financial perspective. The outcome measures used in the financial perspective of the company are profit growth, liquidity development, net profit and company revenue

Summary based on financial performance analysis with several indicators as follows:

Table 2. Results of Financial Performance Analysis

No	Indicator	2018 year	2019 year	Achievement	Development/ Decline	Benchmark Value	Performance Value
1	Profit Development	Rp. 4.585.435.298	Rp. 4.920.058.000	105,3%	5,3%	4	Good
		100%	105,3%				
2	Liquidity Development -Current Ratio	12,1	13,4	101,3%	1,3	4	Good
		100%	101,3%				
	- Fast Ratio	2,3	3,6	100,4%	0,4%	4	Good
		100%	100,4%				
3	Development of Net Profit (ROI)	0,81	0,84	100,4%	0,4%	4	Good
		100%	100,4%				
4	Revenue Development (ATO)	0,2042	0,2043	100,1%	0,1%	4	Good
		100%	100,1%				
Amount				20			
Average				4,00			
Overall Financial Performance				Good			

The results of the profit development indicator provide profit development results from 2018 and 2019 of 5.3% which shows that the profit development of PT. Indo Lima Oetama which had an increase from 2018 to 2019. This is in line with Fatdillah (2019: 115) who said that an increase in profit occurred because the implementation of CSR led to customer loyalty resulting in an increase in sales and orders which resulted in an increase in profit every year. This research is supported by previous research.

Analysis of the Implementation of CSR in Supporting Non-Financial Performance of PT. Indo Lima Oetama

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Measurement data for the analysis of CSR implementation have three measurement indicators, namely: 1. Customer Perspective, 2. Internal Business Process Perspective, 3. Growth and Learning Perspective

According to Wibowo (2017) the performance appraisal measure for the financial perspective is presented in the financial perspective performance appraisal table as follows:

Table 3. Financial Perspective Size

Benchmark Value	Achievement	Performance Criteria
5	>110%	Very well
4	100-110%	Well
3	90-100%	Enough
2	80-90%	Not enough
1	<80%	Less Once

Source: Niven P.R, (2003) in Fatdillah, (2019)

Table 4. Results of Non-Financial Performance Analysis of PT. Indo Lima Oetama

No	Non-Financial Performance Indicators	2018 year	2019 year	Achievement	Growth/Decline	Benchmark Value	Performance Value
Customer Perspective Indicator							
1	Customer satisfaction - Reducing the number of complaints	2	1	100,1%	5%	5	Very well
		100%	100,1%				
2	Increase in Number of Customers	6.500	7.362	108,6%	8,6%	4	Good
		100%	108,6%				
Internal Business Process Perspective Indicator							
3	Product	95	105	109,5%	9,5%	4	Good
		100%	109,5%				
4	Number of Defective Products	100	55	145%	45%	4	Good
		100%	145%				

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5	Information Systems	Pembelian Via Online	Pembelian via online	100%	100%	4	Good
6	-Reward -Punishment	5	5	100%	100%	4	Good
		1	1			4	Good
Growth and Learning Perspective Indicators							
7	Increased Employee Productivity	Rp 97.068.423,96	Rp89.663.068,966	7,6%	7,6%	4	Good
8	Number of employees	50	55	116%	16%	5	Very Well
		100%	116%				
9	Employee Satisfaction	Gaji sesuai standard an bonus	Gaji sesuai standard an bonus	100%	100%	4	Good
		100%	100%				
10	Employee capability enhancement	3	3	9%	9%	3	Enough
		100%	91%				
Amount					45		
Average					4,50		
Overall Non-Financial Performance					Good		

Source: Processed data, (2022)

The results of non-financial performance analysis using the Balanced Scorecard show a performance of 7.29%. non-financial performance analysis in every perspective is good. In line with Fatdillah (2019: 136) CSR implemented by companies can support non-financial performance by using Balance Scorecard (BSC) analysis on a financial perspective, customer perspective, internal business perspective, growth and learning perspective, a perspective that is said to be good, namely from the total value benchmarks divided by all non-financial performance indicators and get benchmark values of 4 good performance criteria, supported by previous research.

The increase in the performance of each of these non-financial performance perspectives is influenced by the implementation of CSR at PT. Indo Lima Oetama.

DISCUSSION

The results of this study are in line with research by Fatdillah (2019) which states that the implementation of CSR in MSMEs is able to support the financial performance and non-financial performance of MSMEs. The difference in the results of this study with Fatdillah's research (2019) lies in the location of the research, where previous research was on SMEs and this research was on companies

CONCLUSION

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CSR PT. Indo Lima Oetama has supported the financial performance obtained from the results of implementing CSR, there is an increase in profit, liquidity, net profit, company revenue. CSR PT. Indo Lima Oetama has supported non-financial performance obtained from a customer perspective, financial perspective, internal business perspective, growth and learning perspective. The implementation of CSR for the company's financial performance by measuring a financial perspective consisting of profit development, liquidity development, net profit, and company revenue, which shows improvement and development. The implementation of the company's non-financial CSR performance has 3 measurement perspectives, namely the customer perspective, internal business perspective, growth and learning perspective in which the results of indicator measurements get good performance criteria.

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