

Defining the Frontiers of Global Business Research Across Emerging Countries



MONOGRAPH BOOK



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Introduction

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- Provide advisory services to upcoming business schools across the emerging countries for accreditation by the US based Association to Advance Collegiate Schools of Business (AACSB);
- Provide advisory services to peers worldwide to obtain "Fulbright Grants" from the US government successfully;
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Preface

This “*Monograph Book*” consists of 30 BEST scholarly papers presented at AGBA’s 14th World Congress held at MOI University, Eldoret, Kenya on Nov 23–25, 2017. After the fabulous success and overwhelming response from global scholars, we are delighted to bring out AGBA’s second monograph book. As AGBA is committed to nurture world-class academic research, this monograph book is an attempt to showcase the kind of research papers that are presented at AGBA’s global conferences. Through this monograph book, AGBA intends to inspire global scholars based across emerging countries to foray into uncharted territories of academic research of global prominence and bring forth substantial findings that could be beneficial for business firms (private and public) and policy makers across emerging countries.

In this monograph book, an attempt has been made to highlight the frontiers of global business research across emerging countries. This monograph book opens up wide range of dimensions that are important for emerging countries. The research streams covered in this monograph book encompass areas as diverse as Tourism and Hospitality, Predictive Analytic in Human Resource Management, Contract Farming, Healthcare Insurance, Financial Literacy, to name a few. This monograph book makes an interesting read supported by facts, figures, and analyses of scholarly research with global prominence.

By sponsoring this monograph book, AGBA has truly exhibited its adherence to its mission statement – “Building on the dynamics of the ongoing globalization process, AGBA is committed to provide a global platform aimed at assisting academics, scholars, professionals, officials, entrepreneurs and consultants of emerging countries to assert themselves on the global stage for recognition, networking and dissemination of knowledge.”

We are also fortunate that so many peers across the world so generously gave their time and offered to refine their papers on time. We met with these peers in person at AGBA’s 14th global conference held in Kenya and subsequently teleconferenced with them. The insights and recommendations of these peers were instrumental in the design and format of this monograph book. We extend our gratitude and thanks to all the authors and co-authors of these 30 papers for making this AGBA’s initiative (publication of a global monograph every year) possible.

This monograph book would not have been possible without the tireless efforts of many dedicated professionals at our globally acclaimed publisher (McGraw Hill). We are especially grateful to Mr. Nikhil Wadhera for his invaluable contribution facilitating the successful completion of this project on time. We hope readers will discover/rediscover, how stimulating, challenging, fascinating, and sometimes frustrating this world of global business could be.

Thank you very much.

Sincerely,

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Prof. Dr. Zafar U. Ahmed has been serving American University of Ras Al Khaimah (United Arab Emirates) as a Professor of Marketing and International Business since January 1, 2017. He earned his BBA in International Business from the University of the State of New York's Regents College at Albany (USA), an MBA in International Business from the Texas A&M International University (USA), and a Ph.D., with specialization in Branding from the Utah State University (USA) in 1988. He has well over 10-year industry experience earned across Africa as an exporter and global entrepreneur, and 30 years academic experience accumulated at six different American universities (e.g., Texas A&M University at Commerce (Texas); Fort Hays State University (Kansas); Sacred Heart University (Connecticut); Minot State University (North Dakota); and State University of New York at Fredonia (New York). He has been a Visiting Professor to Nanyang Technological University (Singapore), American University of Beirut (Lebanon), University of the Witwatersrand (South Africa), University of Malaya (Malaysia), University of Science Malaysia, Fahad Bin Sultan University of Saudi Arabia (as the Founding Dean of Business School), Prince Sultan University of Saudi Arabia (as the Founding Associate Dean of Business School), University of Putra Malaysia (as a Renong Distinguished Endowed Chair of Marketing), University of Dammam (Saudi Arabia), Lebanese American University, Kuwait University, and American University of Ras Al Khaimah (United Arab Emirates). He has been advisor and consultant to numerous governmental organizations such as Singapore Ministry of Foreign Affairs, United Nations Development Program, Japan International Cooperation Agency, British Commonwealth Secretariat, and MNCs across Africa and Asia. He has published over 200 scholarly papers in Thomas Reuters (ISI) and Scopus indexed journals and has a *Google Scholar Citation Index* of over 4,500, an "h-index of 31", and "i-10 index of 72" to his credit. He has organized and presided over 15 global conferences across the world, serves on the editorial boards of more than 10 world-class journals, and serves as the Founder, President and CEO, US based Academy for Global Business Advancement (www.agba.us), Founder and Editor-in-Chief, UK based Journal for Global Business Advancement (www.inderscience.com/jgba), and Founder and Honorary Chief Editor, UK based Journal for International Business and Entrepreneurship Development (www.inderscience.com/jibed). He has been invited to guest edit a special issue of the *Journal of Business Research* with a focus on Africa. He could be reached via his email: zafaruahmed@gmail.com

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Prof. Dr. Mohd Shukri Ab. Yajid is a passionate proponent for excellence in education. Prof. Shukri has set a new benchmark on excellence and quality in private education in Malaysia as the Founder and President of the Management and Science University (MSU), Malaysia and the PTPL Group of Colleges. MSU has twice been awarded the Excellent University rating, a Tier 5 Status under the Rating System for Malaysian Higher Education. The MSU College Group of Colleges was the first private college to receive accreditation from the Malaysian Qualification Agency. Prof. Shukri's has played significant roles in teaching, curricular development, entrepreneurship development, quality compliance, management and its strategic development in his academic career. His commitment to teaching and learning is manifested through his involvement in workshops and supervisory consultancies to Ph.D., and Masters Candidates pursuing research in Entrepreneurship, Management, Marketing and Entrepreneurship related areas. Prof. Shukri has authored and co-authored over 100 scholarly papers published in international and local journals. He has been appointed to several high powered national committees related to development of education by the Malaysian government over the years. Many of these consultative committees were geared towards uplifting local and national education standards to a level that has gained global

recognition. Among these committees are the National Implementation Task Force (NITF) Committee; and the Human Resource Cluster Working Group (CWG), both established under the auspices of the Malaysian's Prime Minister's department. Prof. Shukri's resolve, commitment and dedication to engage and synergize the efforts of the university with stakeholder industries, authorities and communities speaks volumes. Under his stewardship, consistent efforts have been undertaken by MSU in the schools and community engagement activities in Malaysia and abroad. Notably among these were efforts at cultivating excellence among pupils, developing leadership among school principals and the in-service teachers training program that is a project jointly undertaken with the Malaysian Ministry of Education.

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Building Corporate Image through Corporate Social Responsibility: Mediated by Stakeholders' Attitude (CSR Activities in Indonesian State-Owned Enterprises)

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ABSTRACT

This study investigates whether Corporate Social Responsibility (CSR) can build corporate image, mediated by the stakeholders' attitude toward CSR. Despite the ongoing debate on the implementation of CSR, some of the companies utilize CSR as a strategic business because they believe that it can increase the company's success, especially in building a positive attitude and corporate image. Data of 173 receivers of CSR activities by four state-owned enterprises (PT Bank Mandiri [Persero] Tbk, PT Telekom Indonesia [Persero] Tbk, PT Perkebunan Nusantara VII [Persero], and PT Tambang Batubara Bukit Asam [Perero] Tbk) were collected through using a simple probability sampling technique and analyzed by implementing a multiple regression analysis to prove the hypothesis. The results demonstrate that the effect of CSR on stakeholders' attitude toward CSR is statistically significant and positive. The economic responsibility dimension of CSR has a positive effect, but a statistically insignificant effect on corporate image, either directly without the attitude variable or indirectly mediated by the attitude variable. The coefficient value of determination (R^2), however, has a higher score when CSR dimensions affect corporate image, mediated by the attitude variable. The causative factors of the attitude variable intervening the effect of economic responsibility on corporate image that are not statistically significant are product, service quality, price, and respondents' characteristics (income and education).

Keywords: Corporate Social Responsibility, Corporate Image, and Attitude

INTRODUCTION

In the business world, *Corporate Social Responsibility* (CSR) was formerly a controversial activity due to the fact that CSR activities were regarded as budget consuming activities which significantly cut profits for companies. As a result, a large number of companies were uninterested in applying CSR activities, such as the big companies in the European market (McWilliam and Siegel, 2000; Beurden and Goßling, 2008).

On the other hand, over the past two decades many companies in the world have applied CSR as an investment in their society and environment, such as the American Ford Motor Company, United

turn creates customer loyalty (Suharto, 2008). Moreover, Pirsch et al. (2007) stated that the CSR program is an effective strategy in reducing the skepticism of the stakeholders, and also increasing the positive corporate image and customer loyalty. This idea is supported by the conclusions of Fombrun and Shanley (1990), Lewis (2001), and Rindova and Fombrun (1999), who argued that the greater the contribution to the company in improving social welfare, the greater the reputation or corporate image will be.

Wibisono (2007) revealed that one of the effects of CSR for companies is to maintain and boost the reputation and corporate image. Destructive actions will inevitably lower the reputation of the company; in contrast, a positive contribution will definitely boost the positive image and reputation of the company in order to support its success.

Findings of the United States-Based Business for Social Responsibility/BSR study (Jamali, 2006) concluded that some of the benefits gained by the company which has already applied CSR are: to build brand image and corporate image or reputation, to increase financial performance, and to improve the sales as well as customer loyalty.

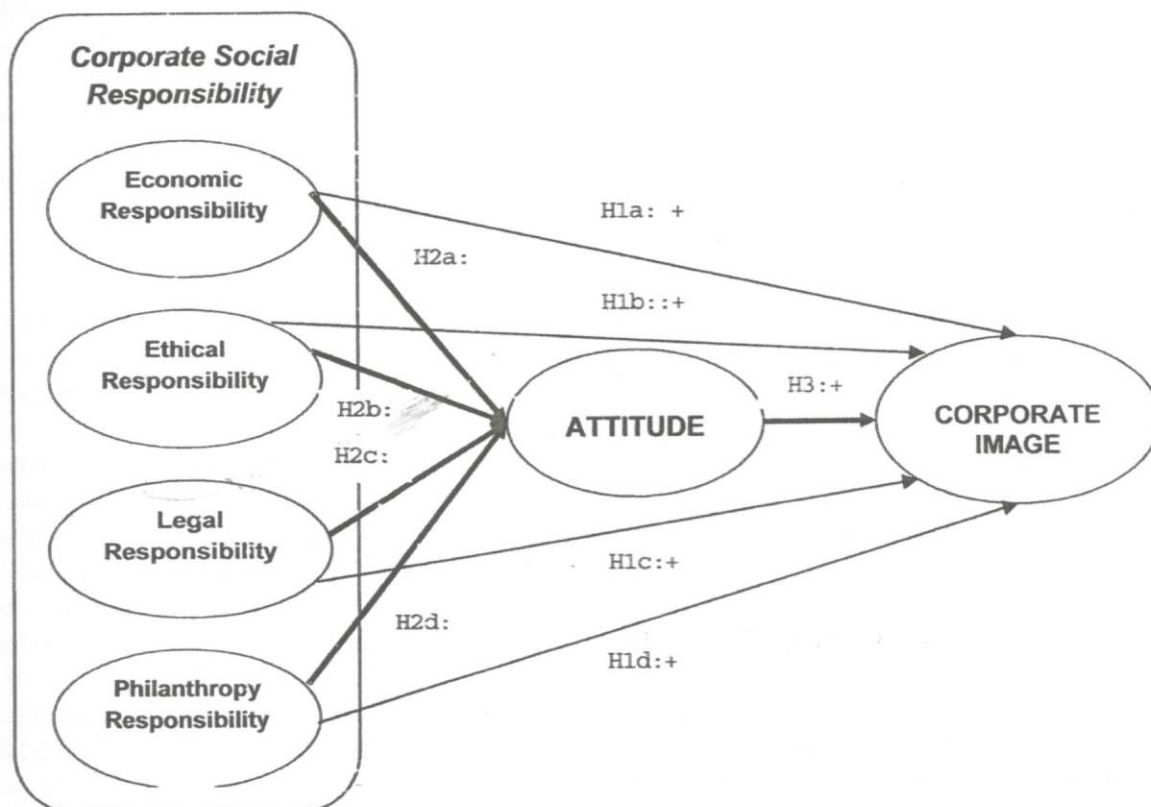


Figure 1. Conceptual model of this research

Kotler and Lee (2005, pg. 14) noted that CSR has the ability to enhance the corporate image. The positive corporate image will be a very valuable asset for the company in getting competitive advantage as long as an economic crisis occurs.

Meanwhile, the forum of the World Business Council for Sustainable Development on Corporate Social Responsibility (WCBSD, 2001 in Jamali, 2006) revealed that most companies have been running CSR activities because they believed that CSR has many benefits, including: increasing the company reputation or corporate image, creating employee and customer loyalty, leading to the improvement of sales volume, as well as getting recognition and support from the stakeholders, especially eliminating the negative issues that might hurt the company.

Drumwright (1996), Brown and Dacin (1997), Murray and Vogel (1997), Maignan and Ferrell (2001), Sen and Bhattacharya (2001), and Sen et al. (2006) revealed that there are several effects if the company employs CSR, which are an increase in profit, consumer loyalty, trust, and positive attitudes, as well as fighting against the stakeholders' impression of a negative corporate image.

Carroll (1979, 1991, 1999) who proposed a comprehensive CSR dimension (economic, legal, ethical, and philanthropic responsibility) that is well-known and the most used by other researchers, stated that economic responsibility is driven by profit motives, so that the economic responsibility is the main driver of the three other dimensions: legal responsibility involving business compliance with applicable laws and regulations, followed by ethical responsibility. However, for certain companies, philanthropic responsibility is the main objective to create the image or positive reputation in the mind of the stakeholders; actively getting involved with CSR activities of the company to create public welfare and increase the goodwill toward the company is therefore encouraged.

Hypothesis 1: Each dimension of CSR (economic, ethical, legal, and philanthropic responsibility) has a direct positive effect on corporate image.

The implementation of CSR has a positive effect on the stakeholders' attitudes toward the CSR activity, as previously stated by Brown and Dacin (1997) and developed by other researchers such as Murray and Vogel (1997) and Creyer and Ross (1997). Murray and Vogel (1997) especially hypothesized that the CSR has an effect on consumer attitudes, including beliefs about honesty and trust of the company, the response of consumers, truth in advertising, and pro-environmental and pro-labor attitudes, and causes an improvement in the company's support in employing potentially productive and quality labor. In line with this, some academics have suggested that CSR can influence the attitudes and perceptions of stakeholders, and this can then contribute to corporate image, such as Hidayati (2009); Pomeroy and Dolnicar (2009). Temporal and Trott (2005, pg. 37) suggests that if the CSR activity is well developed, it will lead to an emotional attitude (affective) of the stakeholders toward the company which will have an impact on brand awareness. Therefore, it will also build positive corporate image. Sen et al. (2006) suggested that the companies which implement the CSR activity gain a more positive attitude and a stronger image from the stakeholders than the companies which do not implement the CSR. This then will bring about brand improvement. Chattananon et al. (2007), supporting Balabanis et al. (1998) and Varadarajan and Menon (1988), stated that "a societal marketing program" as part of a CSR concept, influences positive consumer attitudes toward CSR and builds the company image. Ven (2008) states that CSR has a positive effect on consumer attitudes on the company brand, thus it creates a more powerful reputation for a brand or corporate image and affects the consumer behavior in purchasing the company products (Becker-Olsen et al., 2006; Bhattacharya and Sen, 2004).

The economic dimension of CSR is essential in influencing the attitudes of shareholders since they are able to obtain returns for their investments. Firms have the economic responsibility to be

profitable in order to gain long-term financial returns for their investors (Xiao, Yoonjoung & Lee 2017). On the other hand, ethical CSR pertains to the manner in which business is conducted by following all the ethical principles. Ethics are central to the investors since it enables them to trust their management to deliver on their promises (Flora, Chen, & Boyd 2016). Legal CSR can be appealing to investors since the business conduct is aligned to laws and regulations. Thus, shareholders do not need to waste resources battling legal suits. According to Lim & Greenwood (2017), philanthropic responsibility triggers a sense of community from the beneficiaries, who support the business in its endeavors. The increased support base could influence the attitudes of investors if it translates to a widened scope of stakeholders, especially customers.

Hypothesis 2: Each dimension of CSR (economic, ethical, legal, and philanthropic responsibility) has a positive direct effect on attitudes.

Economic CSR triggers an indirect effect on corporate image since the company is seen to have a good financial standing (Tsutsui & Lim 2015). Public image is essential since it highlights the manner in which an entity is appreciated by its stakeholders. The trust of investors to bank their money in a business is proof of the ethical element of CSR. An organization that runs ethics performs within the expectations of its stakeholders. In fact, people like to be associated with such an entity (Xiao, Yoonjoung & Lee 2017). Thus, a positive corporate image is created by exhibiting core values, such as transparency and integrity. Philanthropic responsibility means that the organization is ploughing some of its resources toward helping other people in the community in which it was built. Based on the strong support that varied beneficiaries receive from the company, it is possible that it will develop a positive image (Wang, Chen, Yu, & Hsiao 2015). When the organization is run well by adhering to all rules and regulations, unnecessary legal suits are avoided and bad publicity is averted.

Shareholders' attitudes are directly linked to the corporate image of a company. For instance, when attitudes are positive, only good evaluations and recommendations can be given regarding an entity. The corporate image depends on the perceptions that people have concerning an entity. These perceptions are built on the operations and success levels of an organization relative to the expectations of varied stakeholders (Wang, Chen, Yu, & Hsiao 2015). Thus, when these expectations are met, a positive image about the entity is formed.

Hypothesis 3: Each dimension of CSR (economic, ethical, legal, and philanthropic responsibility) has a positive indirect effect on corporate image through the mediating effect of the attitude variable.

RESEARCH METHODOLOGY

The respondents of this research, that have been receiving the CSR program for the last 3 years, are from 4 State-Owned Enterprises (PT Perkebunan Nusantara VII [Persero], PT Telekomunikasi Indonesia [Persero] Tbk, PT Tambang Batu Bara Bukit Asam [Persero] Tbk, and PT Bank Mandiri [Persero] Tbk. Simple random sampling was used in this research (Hair et al., 2009, pg. 313). The response rate of respondents is 86.50 percent from 200 samples, achieved by using two methods of collecting data: online and offline. When the offline method was applied, interview with the respondent samples was also used.

The measurement uses prior instruments such as CSR items developed by Salmones et al. (2005) and attitude items by Jun et al. (2008) formed from the cognitive and affective dimension, referring to the concept from Schiffman and Kanuk (2007, p. 284) and Assael (2004, pg. 216); also the cognitive

measurement related to CSR attributes is modified according to Bhattacharya and Sen (2004) and corporate image items by Lee (2004). All measurements apply a 7 point scale.

70 items formulated from 3 constructs (CSR, attitudes, and company's image) are examined through the construct validity test using factor analysis and reliability test with *Cronbach alpha*. The test results show that just 65 items are valid, consisting of 14 valid items out of 15 items of the CSR dimension, 30 valid items out of 31 items of the company's image, and 21 valid out of 24 attitude items. These valid items are measured by the loading factor value of more than 0.5 on the communal matrix (Hair et al., 2006, pg. 128). The coefficient result of *Cronbach alpha* shows that all valid items are reliable, surpassing the reliability instrument criteria 0.70 (Hair et al. 2006, pg. 137).

RESULTS

The results of the factor analysis show that the dimension of the company's image as the dependent variable (Y2) and the attitude (Y1) as the mediating variable form only one factor. However, the results of the factor analysis on the CSR dimension demonstrate two factors. The first factor is formed from the dimension of ethics, legal, and philanthropic responsibility, and is then stated as the social and environmental variable. The second factor is formed from economic responsibility. In short, there are two independent variables: 1) social and environmental responsibility (X1) and 2) economic responsibility (X2), as stated by Ketola (2008). Therefore, the model forms four substructure equations to check in particular the mediating effect of attitude, referring to Baron and Kenny (1986). The model of the empirical research can be seen in Figure 2.

1. Substructure I: $Y_1 = 3,817 + 0,208 X_1 + 0,171 X_2$
2. Substructure II: $Y_2 = 1,799 + 0,065 X_1 + 0,430 X_2 + 0,245 Y_1$
3. Substructure III: $Y_2 = + 0,467 X_1 + 0,114 X_2$
4. Substructure IV: $Y_2 = + 0,347 Y_1$

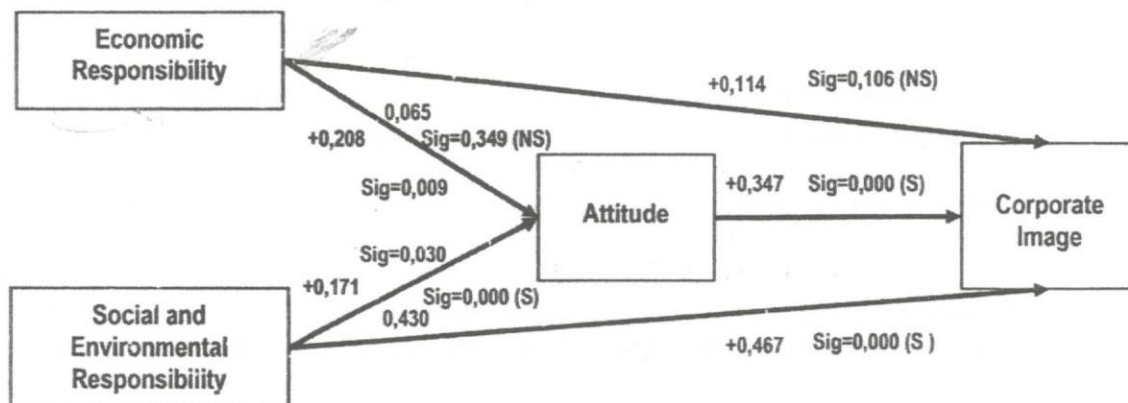


Figure 2: Empirical Research Results, Expanding the Existing Conceptual Model

Notes: NS = Not Significant; S = Significant

DISCUSSION

In the stakeholder theory perspective, Freeman (1984) stated that the relationship between the company's social performance and economic performance is not a *tradeoff* - both can run together. This means that if the CSR concept from Carroll (1979) is regarded as the basic concept, then the CSR application from the point of view of economic, social and environmental responsibility (legal, ethics, and philanthropic responsibility) should be balanced, so that most stakeholders are satisfied with the company. Consequently, the company has a better chance of succeeding (Post et al., 2002).

The results of this study support the stakeholder's theory, although the particular result for the economic responsibility dimension on the company's image has a statistically insignificant positive effect either directly without mediated, or indirectly mediated, by the attitude variable. The insignificant effect of the economic responsibility is possibly due to the company motive in implementing the CSR. The company motive in implementing CSR is perceived by the stakeholders for the sake of the company only, rather than for the social benefit. This perception can be seen from the agreement statements of the respondents: all respondents said the company applies CSR to get the maximum profit and to improve the economic performance of the company in the long run. The other statements on some indicators show that: 1) The company focuses on meeting the social responsibility to its suppliers: only 1.73%; 2) The company focuses on meeting its social responsibility to its distributors: only 1.16%; 3) The company focuses on meeting its social responsibility to other agents: only 1.16%; 4) The company appreciates the ethical principles in establishing a relationship to stakeholders that prioritizes achieving a superior economic performance for the stakeholders: only 0.58%.

Furthermore, when examining the CSR instrument based on Salmones (2005), it is clear that this CSR instrument does not cover the economic activity relevance to the economic needs of the stakeholders that can improve the stakeholders' wellbeing, unlike the CSR instrument proposed by Jackson dan Apostolakou (2010). Jackson dan Apostolakou (2010) proposed a CSR measurement to cover the aspects of corruption, risk management, and customer relationship in fulfilling the needs of customers for their wellbeing or the stakeholders' relationship to improve social welfare. An example of fulfilling the customers' needs is offering high quality products and services with affordable prices and safe products or services for consumption, as argued by Sen dan Bhattacharya (2001), Bhattacharya and Sen (2004), Becker-Olsen et al. (2006), Anselmsson dan Johansson (2007), and Marin *et al.* (2009). On the other hand, when the company implements CSR activity because of social benefit, the stakeholders' attitude towards CSR becomes more positive, as stated by Becker-Olsen et al. (2006) and Sen et al. (2006), so this brings about the positive company image. Therefore, it is better for the company to implement CSR with the balance motive between company benefit and social benefit in order to achieve the sustainable development of the company and welfare society in the long term. This statement supports the idea of Silva et al. (2007) that the main company motive in implementing CSR recently is to improve the company profitability, together with the social benefit improvement that is relevant to the stakeholders' needs.

Another factor explaining the insignificant effect of economic responsibility on corporate image comes from the social and economic condition of the Indonesian stakeholders who still require poverty empowerment and the improvement of health and education of the society; the development of infrastructure, and the values of culture of the Indonesian society to be met, which prioritizes social causes or charity, as stated by Lindgreen et al. (2009). This condition implies that if a company merely focuses on its activities to achieve great benefits and to achieve superior economic performance without considering the balance of social and environmental responsibility to all *stakeholders* - the community,

public, workers, *suppliers*, *distributors*, and others - then the CSR activities on the economic dimension will not have a significant positive impact on the company's image. Social and environmental responsibility is also necessary not only for society in general, but also for *suppliers*, *distributors*, community, and other agents through the cooperation of CSR activity to the *suppliers*, *distributors*, and other agents, so that it can strengthen the company's image or build the brand image of the companies that apply CSR and are concerned with the core business, such as those proposed by Varadarajan and Menon (1988).

The insignificance of the economic responsibility effect on the company's image, either mediated by the attitude variable or not, also occurs due to the negative attitude of the stakeholders toward the aspects of CSR program implementation that are closely related to the core business. The negative attitude of the stakeholders can be seen from the disagreement statement regarding the stakeholders' obligation to pay more for the products or services of the company applying CSR. The stakeholders would like to pay more for the product or services of the company applying CSR as long as the quality of the company's products or services is high. This result supports the study of Bhattacharya and Sen (2004) which found that consumers tend to buy a company's product that applies CSR as long as the products or services of the company are of high quality, and at affordable prices.

The negative attitude to paying more for the company's products and services applying CSR is assumed to be influenced by the income and education factor. The research findings demonstrate that the highest income is Rp2.000.000 whereas the lowest income is Rp300.000 (most respondents are farming employees). As seen from the most distributed income data of as much as Rp2.000.000, respondents tend not to automatically buy and use the products or services of a company applying CSR with a high price category due to their limited income. Education background is suspected to influence the strengthening of the CSR effect on a company's image, which is significantly positive. This finding is similar to those of Cacioppe et al. (2008). The research findings imply that a professional manager with high education background will use the company's services and buy the company's stocks if that company applies CSR. Therefore, the company's CSR activity has an effect on the company's rising reputation, supported by social and environmental responsibility.

The hypothesis that states that the CSR dimension (economic, social, and environmental responsibility) has a direct, significant and positive impact on attitude is supported by the data estimation in this research. However, the impact value is lower compared to the direct CSR dimension effect on the company's image. The result of this study supports the empirical studies of Ven (2008), Chattananon et al. (2007, 2008), and Balabanis et al. (1998).

When examined further, the result showing the insignificant effect of economic responsibility on the company's image without direct mediation by the attitude variable supports the findings of Podnar and Golob (2007) that economic responsibility does not have a significant statistical impact on the support for CSR image. CSR image in this research is a part of the company's image measurement. Therefore, this result supports Podnar and Golob's findings (2007). However, the dimension of social and environmental responsibility has a statistically significant positive effect on the company's image when mediated or without mediated by the attitude variable, with the highest influence value (0.430) when compared to the economic responsibility variable (0.065). This finding supports the empirical findings of Creyer and Ross (1997), Bhattacharya and Sen (2004), Becker-Olsen et al. (2006), Chattananon et al. (2007, 2008), and Walker and Kent (2009), suggesting that the greater contribution

the company makes in improving social welfare, the greater the attitudes and the better the company's reputation and image.

MANAGERIAL IMPLICATIONS

When considering to implement CSR, corporate management needs to set their focus on the social and environmental responsibility aspect for the stakeholders who have low income and middle education levels in order to gain a positive attitude and more advantages from the societal perspective through corporate image development. This implication comes up here because the social and environmental responsibility variable has a significant, positive effect on corporate image. Income factor and education level in this research actually lead to the strengthening of the positive economic responsibility effect on corporate image.

Other managerial implications to build more successful corporate and or brand image through the implementation of the CSR are First, to build a partnership in implementing CSR among companies or other partner organizations that are either profit or non-profit (*suppliers, distributors*, other agents, NGO, or government agencies, and educational institutions), related to the core business of the companies, as conceptualized by Varadarajan and Menon (1988), so that the stakeholders have a willingness to buy and use the products and services from companies applying the CSR activity. The alliances between the communication of CSR activities and brand also can be developed by applying the Cause-Brand Alliances concept (Alcaniz et al., 2010) or Cause Related Marketing concept (Varadarajan and Menon, 1988). Applying the Cause-Brand Alliances concept can be done together with communicating CSR activity through using effective communication media in order to attract more customers or stakeholders, so that the strengthening of the corporate image will increase. The utilization of communication media to communicate CSR activity can be useful to build awareness and the impression or image of the company from the perspective of consumers or stakeholders, as in the ideas in Ligeti and Oravecz (2009), Hawabhay et al. (2009), Herstein et al. (2008), Gregory (2007), Jones et al. (2005) and Maignan and Ferrell (2001), and can even increase the value of brands, like the ideas from Jeong (2004), Jones (2005), Ven (2008), Pomeroy and Dolnicar (2009), and Chomvilailuk and Butcher (2010).

Second, the manager needs to create and offer high quality products and services as well as provide cheap prices that are affordable for consumers, in order to gain the positive and significant effect of the implementation of the CSR dimension.

CONCLUSIONS

This research examined the CSR dimension effect - that refers to the concept of CSR dimensions by Carroll (1979, 1991, 1999) - on corporate image, through the mediation of the attitude variable in the stakeholder theory perspective. An interesting finding in this research is the simplification of the CSR variable, which was originally based on Carroll's division into four dimensions, then simplified to be two dimensions or variables that actually strengthen the definition of CSR, as described by Ketola (2008) in that CSR usually comprises in these areas: environmental, social and economic responsibilities.

The economic, social and environmental responsibility variable has a positive significant effect directly on attitude. But when the economic, social, and environmental responsibility variables were being regressed either directly with corporate image or indirectly with the attitude variable, the economic responsibility variable has a positive effect, but not a significant one. Otherwise, the social and environmental variable has a significant, positive effect on corporate image.

The results further reveal that the attitude to qualified products, including services and price, are the factors causing the economic responsibility, either mediated by attitude or not, to not have a significant effect. This finding is consistent with the finding of Bhattacharya and Sen (2004). Another driving factor that resulted in the effect of the economic responsibility variable not being significant for corporate image is the result of the CSR indicators that focus not only on the negative attitude of the stakeholders regarding paying more for the company's products without the guarantee of high quality, but also on the firm's motives to earn more profits and superior economic performance improvements without balancing the social benefit concerns of stakeholders (public, government, workers, consumers, community, suppliers, distributors, and other agents). This means that the firm's motives can also be a variable influencing the effect of economic responsibility on corporate image, consistent with the findings of Folse et al. (2010).

This research has a limitation in the use of the sampling frame. The limited number of samples does not meet the requirement of this research using SEM models in order to examine the relationship model among CSR construct, attitude, and corporate image, so this research uses a regression analysis. The ideal sample number to examine the accuracy of the relationship model among the constructs is at least 5 times the observed items, i.e., 5 times 70 items: 350 respondents; however, the respondents used in this research were limited to 173 (Hair et al., 2006, pg. 196). The sample of respondents only focused on the receivers of the CSR program from the state-owned companies, whereby its application still depends on the rule of law state ministries in the form of the PBKL program and mostly focused on partnership development to support the economic development of SMEs (Small Medium Enterprises), proved by the number of entrepreneur respondents with a relatively low-income.

The results of this research demonstrate the need for future research to examine the further effect of CSR on corporate image through the use of other variable effects of quality product and service, and price in addition to the attitude variable, such as the conceptual model of Poolthong and Mandhachitara (2009). More studies are also necessary to examine the effect of CSR on the corporate image by adding moderator variables of respondents' characteristics, such as income and education, and even the cultural value of the stakeholders. Further studies are necessary to develop the CSR concept to be robust, given that it is still considered to be weak and blurred (Lee, 1987; Shen, 2006). It also suffers from the variety of CSR definitions and lack of theoretical integration (Votaw, 1973; DeFillipi, 1982; Preston, 1978; Post, 1978 as cited in Quazi and O'Brien, 2000)

The use of setting sample on a more varied scope of the company is not only limited to state-owned companies, but also utilizes samples from the other private companies with the proper size of adequate samples and analysis model necessary for further study. The use of samples in future research should also involve a representative sample of the population from the other characteristic of stakeholders, such as workers or employees and managers, according to the definition of the dimension of economic responsibility by Muller and Kolk (2009) and Schwartz and Carroll (2003). Also, in accordance with the stakeholder theory perspective, the samples used should involve other kinds of

stakeholders, that not only belong to the consumer and the public, but also to the groups of workers and others such as the community, suppliers, investors, and government (Freeman, 1984; Heath and Norman, 2004; Abreu et al., 2005; Munilla and Miles, 2005; Papasolomou et al., 2005).

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