



Analysis of factors affecting the sustainability of CSR programs in the health sector in Indonesia

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Abstract

The health status of the Indonesian people is still at a low position in Southeast Asia and in terms of state budget allocation (APBN) Indonesia is still limited and has not been able to meet the needs and comply with the obligatory limits ordered by the health law. This causes the need for private sector involvement, especially government companies (BUMN) through CSR funds that have been required at 4% of company profits.

This study aims to assist government companies (SOEs) in creating a model and strategy for CSR programs in the field of public health whose benefits are able to continue in the future even though the company's CSR assistance has ended. Quantitative explanatory research with purposive sampling method was conducted in 6 provinces in Indonesia at 14 locations of CSR programs in the health sector carried out by government companies (BUMN) and statistical analysis of data using Smart PLS version 3.0.

The results showed that the sustainability of CSR programs in the health sector is influenced by CSR practices, the P value is *** or <0.05 and the t-statistic value is 6.396, the sustainability of CSR programs in the health sector is influenced by stakeholder support, the P value = 0.05 and the t-statistic value is 1.907, the sustainability of CSR programs in the health sector is influenced by participation, the P value is *** or <0.05 and t-statistic value 6.349, participation is influenced by CSR practices P value *** or < 0.05 and t-statistic value 3.757, participation is not influenced by stakeholder support P value 0.543 or > 0.05 and t-statistic value 0.608, there is a strong influence between CSR practices and stakeholder support P value *** or < 0.05 and t-statistic value 17.674. The ability to sustain the benefits of CSR programs in the field of public health is largely determined by the mechanisms and practices of CSR carried out by companies and the inclusiveness of the program (public participation and stakeholder support).

Keywords; CSR practices; Public participation; Stakeholder support; Sustainable CSR programs

1. Introduction

Indonesia's state budget allocation for the health sector in 2019 amounted to IDR 123.1 trillion (5%), in 2020 IDR 132.2 trillion (5%), in 2021 IDR 169.7 trillion (6%) and in 2022 IDR 176.7 trillion (5%) which shows significant budget fluctuations and is increasingly difficult to increase in subsequent years even though a budget of <6% is not enough to meet the basic health needs of the Indonesian people (Sari et al., 2022).

Specifically for government companies (SOEs) and the private sector, Indonesia has regulated CSR through Law No. 40 of 2007 concerning Limited Liability Companies which is then derived in Government Regulation No. 47 of 2012 concerning Corporate Social Responsibility (state-owned enterprises) and Regulation of the Minister of State-Owned Enterprises No. Per-05/MBU of 2007 concerning SOE Partnership Programs with Small Businesses and Environmental

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Development. These regulations have regulated the obligation of SOEs to set aside 4% of funds from the company's net profit to be used for the PKBL program (partnership and community development program) which has been part of corporate social responsibility. Potential CSR funds from SOEs each year can reach more than IDR 10 trillion, which is expected to help the government cover some of its budget shortfalls (Zaman, 2015). We expect CSR funds to be predominantly directed to public health programs and to support this, we need a sustainable CSR program design and model.

2. Theoretical Foundation

(Todaro, 1977) states that health development aims to increase awareness, willingness and ability to live healthy lives for the entire community in order to realize the highest degree of public health so that it needs to be organized in the form of sustainable health development by the government together with the community and the private sector.

(European Commission, 2001) has defined CSR as an effort to manage change at the company level in a socially responsible manner seen in two dimensions namely; Internal (social responsibility practices are primarily aimed at employees related such as investment, occupational health and safety and human resource management and external (CSR practices are carried out outside the company with regard to the local community involved as *stakeholders* such as business partners, suppliers, customers, public authorities and NGOs representing local communities and the environment).

In relation to CSR practices, (Teodorescu & Lehr, 2015) mentions several advantages and reasons why CSR needs to be implemented, namely: (1) the ethical thing to do, (2) improving the company's image, (3) avoiding excessive regulations, (4) a type of social responsibility activity that can also be profitable, (5) a better social environment will benefit the company, (6) attracting investors, (7) increasing employee motivation, and (8) helping to fix social problems caused by business.

3. Framework

This study uses the framework as below (Figure 1) which uses four *unobserved variables* and 22 *observed variables* which are hereinafter referred to as indicators.

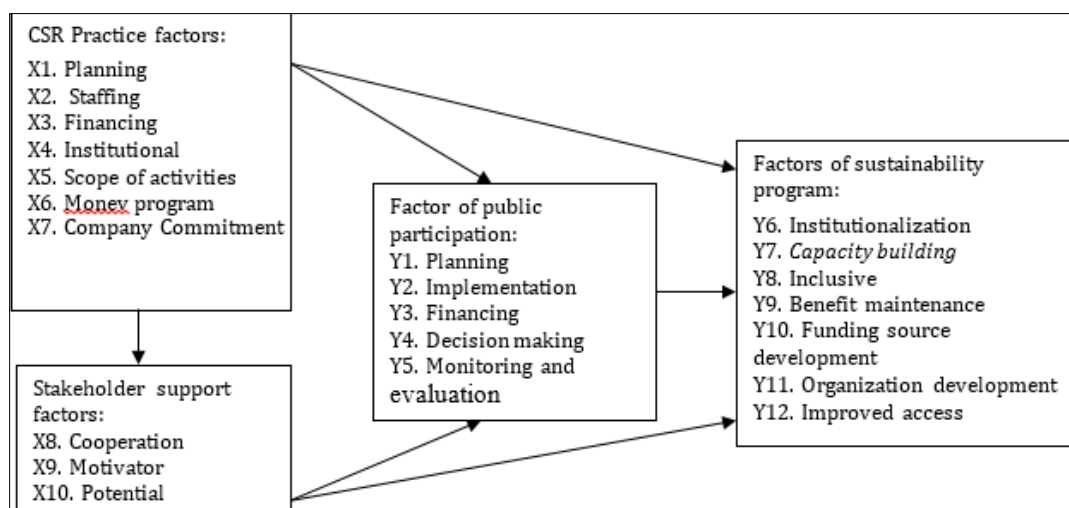


Figure 1 Research concept

4. Research Methods

Explanatory quantitative research to explain an event, build, elaborate, continue and test a theory. The research was conducted at locations that have implemented CSR programs in the health sector in 6 Indonesian provinces (West Java, Central Java, East Java, Aceh and South Sumatra and Jakarta) for the period September-December 2021.

The population in this study are all parties directly or indirectly involved in CSR Practices in the health sector carried out by SOEs with sampling techniques using non-probability sampling purposive sampling type and the sample is

carried out on predetermined criteria as many as 14 respondents in each location and data were analyzed using the Smart PLS version 3.0 statistical test.

5. Results

5.1. Research Results

The first stage model test is carried out to see the extent of the relationship between the indicator variables and the latent variable. After the first stage of testing, there are several indicators whose loading factor is <0.6 so they must be excluded from testing in the last stage. The model that has been set aside is as shown in Figure 2 below:

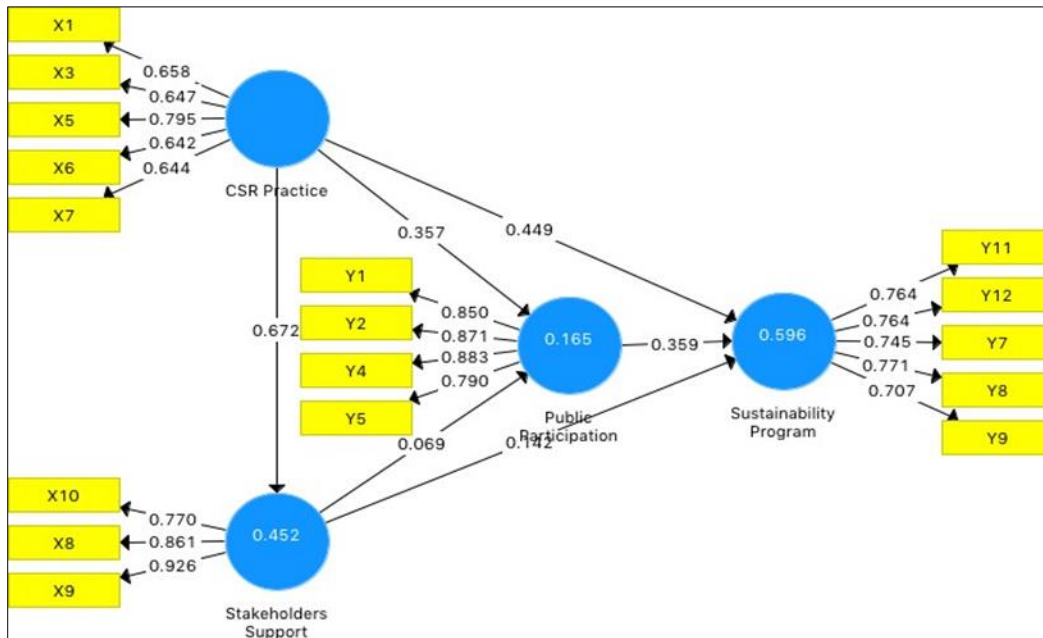


Figure 2 Confirmatory Factor Analysis Stage Test of constructs

From Figure 2 above, it is known that indicators X2 (manpower), X4 (institutional), Y3 (financing), Y6 (institutionalization, and Y10 (development of funding sources) have been removed. Figure 2 also shows that all indicators have been able to explain their relationship with their respective latent variables with a loading factor value >0.6 . Furthermore, to determine the significance of the influence between latent variables, if the $T > 1.96$ value can be called a significant effect as we can see through Figure 3 below:

Path Coefficients			
Mean, STDEV, T-Val...	Confidence Interva...	Confidence Interva...	Samples
		T Statistics (O/STDEV)	P Values
CSR Practice -> Public Participation		3.757	0.000
CSR Practice -> Stakeholder Support		17.674	0.000
CSR Practice -> Sustainability Program		6.396	0.000
Public Participation -> Sustainability Program		6.349	0.000
Stakeholder Support -> Public Participation		0.608	0.543
Stakeholder Support -> Sustainability Program		1.907	0.057

Figure 3 Statistical T-test values

Figure 3 above shows that the significance of the influence between exogenous latent variables and endogenous conditions if > 1.96 is called significant and the P value is < 0.05 . The data shows that except for the ability of stakeholder support to increase public participation is low (0.60) or insignificant. The rest all exogenous and endogenous variables are able to influence very significantly; CSR Practice affects stakeholder support (17.67), public participation (3.75), program sustainability (6.39). Stakeholder support is able to significantly influence the sustainability program (1.90) and the latent variable public participation is very significant in influencing the sustainability program (6.34). The relationship or influence of indicators on each latent variable is as follows:

- On the latent variable CSR Practice, it is known that the indicators of planning (X1), financing (X3), scope of activities (X5), monitoring, evaluation (X6) and corporate commitment (X7) are able to explain their relationship with the variable CSR practice while the indicators of personnel (X2) and institutions (X4) are not able to explain their relationship.
- In the latent variable Stakeholder Support, it is known that the cooperation indicator (X8), Motivator (X9), and potential function indicator (X10) are able to explain their relationship.
- The Public Participation variable found that the planning indicators (Y1), implementation (Y2), decision making (Y4) and program monitoring and evaluation indicators (Y5) were all able to explain their relationship except for the financing indicator (Y8) which had an insignificant relationship.
- It is known that the indicators of capacity building (Y7), inclusiveness (Y8), maintenance of benefits (Y9), organizational development (Y11), and increased access (Y12) have been able to explain their relationship with the CSR program sustainability variable, but the institutionalization indicator (Y6) and the indicator of developing funding sources (Y10) are not able to explain their relationship to program sustainability.

5.2. Model Fit

Based on Figures 2 and 3, which are the results of model testing with Smart PLS 3, it can be called fit because the composite reliability value of the latent variables is good, all values are > 0.7 ; AVE value (convergent validity) is good > 0.5 except for the latent variable CSR Practice; T-statistic value between all latent variables > 1.96 except the latent variable stakeholder support on public participation is only worth 0.05 or insignificant; the P values of all latent variables are known to be < 0.05 except the latent variable stakeholder support which is > 0.005 or the P value is 0.6.

Model goodness; it is known that the coefficient of determination (R Square) to assess how much the endogenous construct can be explained by the exogenous constructs, namely the sustainability program (0.583 = moderate), public participation (0.157 = weak) and stakeholder support (0.434 = moderate); SRMR which is the Standardized Root mean square residual or is a measure of model fit (model fit) the calculation results show the SRMR value of 0.095 or < 0.10 and includes a model that can be called fit.

6. Discussion

Analysis of the relationship and influence between latent variables can be explained below:

- The sustainability of CSR programs in the health sector is influenced by CSR Practices The P value is *** or < 0.05 , which means that there is a real influence between program sustainability and CSR Practices. This explains that the sustainability of the CSR program will be determined by whether the CSR Practices are good or bad. In other words, good CSR Practices in the health sector in the community will provide an opportunity for the CSR program to continue in the future.
- (Freeman, 2000) CSR practices have encouraged companies to integrate three concepts, namely: (1) sustainable development, (2) stakeholder approach, and (3) integrated management strategy. These three things cause the company's CSR practices to be carried out with a sustainable approach and concept. Sustainability is the capacity of the company to continue the program over a long period of time depending on the sustainability of its relationship with stakeholders. (Perrini & Tencati, 2006).
- The sustainability of CSR programs in the health sector is influenced by stakeholder support
 - The P value is 0.05, which means that there is a significant influence between stakeholders and sustainability. This leads to the importance of maintaining the influence of stakeholder variables in the recommended model concept. Stakeholders in this case consist of; local government (village, sub-district, district and government agencies), community leaders, campus or academic parties, media or journalists and non-governmental organizations, so that if these stakeholders are eliminated it can result in a reduced level of community participation in the program. In this regard, (Bal et al., 2013) stated that different stakeholders have different skills and knowledge, which is why their contribution to promoting sustainability related to program objectives can also be different. As stated by (John R. Ehrenfeld, 2000) in many cases the company must

balance the interests of stakeholders and combine with the company's vision for the common goals of customers, employees, investors and other stakeholders.

- The sustainability of CSR programs in the health sector is influenced by participation The P value is *** or <0.05, so it can be stated that there is a real influence between program sustainability and community participation. This explains that the sustainability of CSR programs will be determined by how much community participation in the program is carried out, the greater and better the community participation in the program, the greater the chance that the CSR program can continue in the future. Community participation can reduce the risk of project failure and project cost risk (Norbit et al., 2017). Participation is involvement in decision-making, choosing the type of project for the community, planning it, implementing it, managing it and controlling it. This is supported by (Khwaja, 2004) who found that sustainability projects fail due to lack of local community participation. (Ofuoku, 2011) also states that there is a significant relationship between participation and program sustainability, this means that the higher the level of participation of community members in the program, the higher the level of sustainability of the program.
- Participation is influenced by CSR Practices
 - The P value is 0.000 or <0.05, which means that there is a real influence between CSR Practices and community participation. This explains that the amount of community participation is not determined by the good or bad CSR Practices, or in other words, the high and low level of community participation in the program is not influenced by the level of CSR Practices when implemented in the community.
- WHO (2002) has proposed that participation be understood as contributing, organizing and as empowering in line with this (Khwaja, 2004) which states that poorly qualified community participation can hinder the achievement of program goals and sustainability (Z Nasrul, 2021) which states that corporate CSR activities that benefit the community can increase the level of social participation. This is reflected in the CSR program carried out, namely weak participation in activities that tend to occur due to the pragmatism of the community assessing that the CSR program in the health sector does not directly benefit the community.
- Participation is not influenced by stakeholder support
 - The P value is 0.543 or > 0.05, which means that there is no real influence between participation and stakeholder support. This explains that the amount of community participation is not determined by the size of stakeholder support in the program, or the high and low level of community participation in the program is not caused by the size of stakeholder support in the CSR program. In the CSR program carried out, the role and involvement of stakeholders is very low even though according to (Schuchter et al., 2014) Large stakeholder participation in CSR practices can support more successful programs, increase democratic processes in community empowerment, and then be able to increase community participation itself.
- There is a strong influence between CSR practices and stakeholder support.
 - The P value is *** or <0.05, indicating that the influence of the CSR Practices construct and the stakeholder support construct is quite close (>0.5). This shows that the better the CSR practices of a company, the greater the support from stakeholders that will be obtained. (Adeyonu et al., 2022) also mentioned that there is a strong and significant relationship between CSR, society and stakeholders so that CSR practices carried out by involving stakeholders are an option that companies must do (Schuchter et al., 2014) state that the active encouragement of stakeholders is beneficial to share perspectives and through the participation process, sharing information, knowledge, experience and diverse stakeholder values can be a mutually reinforcing part.

7. Conclusion and suggestion

- Companies need to build a system and mechanism for program implementation that ensures the sustainability of each CSR program.
- The success of a CSR program in the health sector is determined by the company's ability to provide community assistance to ensure that beneficiaries or assisted communities have the ability to solve the problems they face. The main assistance begins at the stages of planning, implementation and participatory monitoring and evaluation, financing that encourages *stakeholder* involvement and beneficiary contributions.
- Staffing that prioritizes local resources that encourages CSR practices to be carried out by the community itself and is open to the involvement of other parties to contribute according to their needs and abilities.
- *Capacity building* should be provided and tailored to the needs of the target community including strengthening advocacy skills, the ability to maintain benefits and skills in conducting organizational development and developing program funding sources, as well as having greater access to parties such as the government/relevant agencies, donor agencies, other *private sectors* and existing NGOs.
- Recommended CSR model.
 - The development of sustainable CSR programs in the community can be done by applying a model that

includes 4 existing variables; a) CSR practices since planning have involved public participation, b) CSR practices must from the beginning have encouraged the role of stakeholders through cooperation with partners, starting with social mapping, c) in developing a sustainable CSR program framework must at least be able to meet several conditions that must occur in the community implementing the program, namely; program institutionalization, capacity building, inclusiveness, maintenance of benefits, development of funding sources, organizational development and increased access.

- There are three main variables that need to be considered in building a sustainable CSR program in the health sector, namely; CSR practices, public participation and stakeholder support. However, the variable of stakeholder support really needs to be involved from the beginning of program planning, not just involved when the community has performed its role optimally.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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