



The Effect of Perception of Customers and Policies Regarding CSR Hotel to Customer Participation in CSR Development

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Abstract

The hospitality industry sector has now implemented many CSR activities. But the development of CSR in the tourism sector, especially hotels, does not run as fast as other business sectors. Social responsibility is an important thing that needs to be considered for the progress of a country. This study aims to determine the effect of hotel customer perceptions and CSR related policies on hotel customer participation in the development of CSR. The research method used is quantitative. The data used is a questionnaire distributed to customers of Solo Lorin Hotels, Sahid Jaya Solo Hotels and New Kuta Hotels in Bali. The results showed that Hotel Customer Perceptions and Policies Regarding CSR towards hotel customer participation in CSR development had a significant positive effect on hotel customer participation. This means that through the activities of CSR hotel development that are carried out it will have a good effect and make the name of the hotel can be large in the eyes of the wider community and the community will become more empowered.

Keywords: Customer Perception; Policies Regarding CSR; Customer Participation; Hotel CSR Development.

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1. Introduction

Corporate social responsibility or *corporate social responsibility (CSR)* it self is a concept that to this day remains an interesting study material among academics and in the business world. This is inseparable from the differences in views between adherents of classical economic theory such as Adam Smith who views that the company is solely tasked with seeking profits. This opinion is also reinforced by [1] in his book entitled *Capitalism and Freedom*, essentially arguing that the only purpose of a company's *social responsiveness* is to maximize the company's income and wealth for its shareholders.

Starting from the opinion of Milton Friedman here on akhi rn so many companies that behave anti-socially in many respects practice of exploitative terhadap workers and the environment with the sole purpose to accumulate profits and led to the practice of violation of the rights of the workers, of human rights violations and especially damage to the environment. This of course raises a response from adherents of modern economic theory such as [2] which appears with its *Triple Bottom Line Theory*, that companies in carrying out their business activities besides aiming for profit, must also pay attention to two other aspects, namely society and the surrounding environment known as "3P" (*Profit, People and Planet*).

In Indonesia, the concept of *CSR* is regulated in Law No. 25 of 2007 concerning Investment and Law No. 40 of 2007 concerning Limited Liability Companies. But if we pay close attention, there are differences in the principles set out in these two laws. Just mention the UUPM in the explanation of Article 15 mentioned as "Corporate social responsibility is the responsibility inherent in every investment company to continue to create harmonious, balanced and in accordance with the environment, values, norms and culture of the local community." Responsibility in terms of this means that the company is consciously or not bound and must implement *CSR*.

In the tourism sector, especially the hospitality industry, the development of this concept does not run as fast as in the business sector where business activities manage and utilize natural resources, such as mining. The field of hospitality services when viewed in an explanation Article 74 of the Company Law is not a business activity that utilizes natural resources but can be interpreted as a business activity that has an impact on the function of natural resource capabilities. This seems to make the hotel become not too *urgent* to implement *CSR*. If mining companies clearly must implement *CSR* because they use natural resources as a commodity to be traded. Hotels do not use natural resources as commodities, but have ever realized that hotels use water to run their businesses, even though water is only used as a complementary service for guests who stay overnight.

To win the competition in getting customers, the Hotel carries out various marketing efforts and other strategies. One of them is building an image through *CSR* activities.

In the perspective of environmental sustainability, clean water used by hotel customers must be efficient. The electrical energy used must also be economical. However, not many studies have been conducted to uncover hotel customers' perceptions of environmental preservation.

The *CSR* activities of these hotels, especially Lorin, have been informed to customers and the public through the

hotel internal news posted in the hotel lobby room and published through massmedia with the slogan "From you Lorin to be share". So from this it builds a positive perception of the customers of hotel guests. Based on the problems mentioned above, this study focuses on how the company's activities in community empowerment activities through corporate social responsibility have been implemented by hotels in Solo Raya, what are the keys to the success of the implementation of the activity and how the company's empowerment model this can be used as an example by other companies or institutions. The authors take the title : THE EFFECT OF CUSTOMER PERCEPTIONS OF HOTEL AND POLICIES RELATED TO PARTICIPATION CSR HOTEL CUSTOMERS IN DEVELOPING CSR.

2. Theoretical Framework

2.1 Customer Perception

Activity estab community empowerment can be developed by the company in the area around the company or the company's activities directly related to society. Activities Community empowerment includes infrastructure development, real community services for communities around the company to participate in managing service activities as part of the company's activities including 1) education such as scholarships; 2) health such as free consultations, health checks; 3) economy such as the establishment of BMT, savings and loans; 4) environment such as making security posts, street lighting; and 5) institutional strengthening such as the establishment of Posdaya in each village . The implementation of corporate social responsibility should be felt by all levels of society so as not to cause social jealousy [3].

Community empowerment through corporate social responsibility has a strategic function for a company, because the company has the potential and capacity to carry out specific activities on community empowerment [3]. Community empowerment is inseparable from the framework of creating a better quality of community life together between the community, the company, and the government from time to time and along with the company's activities in the area around the company.

Implementation of corporate social responsibility that is done in this case according to the priorities that didasa r right on resource availability, mission, culture, environment, profit, risk and operational conditions of each company. Although there are certain standards that are considered the best in the implementation of corporate social responsibility, but a framework (*framework*) wide inan pe like corporate social responsibility can still be formulated, based on experience and knowledge in areas such as environmental management. This framework follows the model "*plan, do, check, improve* " and is flexible [4].

The function of the government in community empowerment through corporate social responsibility is very important to check coverage and implementation of community empowerment through corporate social responsibility in the field. According to [5] basing the implementation of community empowerment through corporate social responsibility on stakeholder approach (*stakeholders*). Corporate social responsibility activities are very important to be monitored and evaluated by the government and the community to further optimize activities.

Every company in conducting activities towards the community is better to have a symbiotic relationship of mutualism with the government. To get support from the community, at least *license to operate* , it is only natural that companies are also required to provide positive contributions to the community so that relationships can be harmonized and even boost the image and performance of the company. The implementation of company activities because there is indeed a genuine drive from within (*internal driven*), the company has realized that corporate responsibility is no longer just an economic activity to create profit (*profit*) for the continuity of the company's business, but also social and environmental responsibility. The environment here, both those that move like animals but also those that don't move like land, water and so on.

One more thing concerning the importance of improving the accessibility of communities and stakeholders (*stakeholders*) to other community empowerment (*better accessibility*), both to the source of innovation, farming inputs (credit, production facilities, agricultural machinery and equipment), markets and price guarantees, as well as political decision making [6].

According to [7] CSR benefits for companies include maintaining or boosting the company's reputation and *brand image* , deserving of *social license to operate* , reducing business risk, expanding access to resources, expanding access to markets, reducing costs, improving relationships with *stakeholders* , improve relations with regulators, increase employee morale and productivity, provide opportunities to get awards, and several other benefits. Safety is very important for the sustainability of the company's operations.

The application of corporate CSR is deemed necessary to have the view that CSR is an investment in the future. That is, CSR is no longer seen as a *cost center* , but a *profit center* in the future. Because through mutual relations the community will also help maintain the existence of the company [7]. Whereas according to [7], CSR carried out by a number of companies can be implemented into 4 corporate groups based on their similarity with four types of insects that have different characters, namely 1) caterpillars; 2) grasshoppers; 3) butterflies; and 4) honey bees, describing companies that sincerely practice CSR.

Disclosure of the various beneficiaries of empowerment through corporate CSR is still low [8]. The impact of the cement activities of a cement company that is felt by citizens is a change in the level of knowledge, health, and a reduction in the number of unemployed [9].

Corporations in CSR activities have not touched the main substance of the problem in the relationship between corporations and the community in creating justice and equity need to be explored in depth and operationalized further until the vision, mission, policy and plan of activities, organizational structure and budgets and social contracts and collective agreements of rights and obligation [10].

According [11] research, the implementation of CSR carried out in terms of implementation is carried out according to the priority scale based on the availability of resources, mission, culture, environment and risk profile and operational conditions of each company.

Factors that influence farmers' participation in managing Community Forests are insights into conservation and preservation of forest resources, farmer motivation, the role of forestry drivers and income from livestock.

Based on the *analysis of the paths* insights into conservation and preservation of forest resources, the motivation of farmers and the role of forestry extension agents have a large influence on 36.04% and extension agents 48.9% compared to other factors.

Generosity with the amount of contribution to the community around the company, priority issues and funding sources that can be achieved by the community. Motives for ethical normative generosity and reciprocal efforts . The company's social policy has been institutionalized . Alternative model. Social generosity activities are basically a combination of business interests and social goals at the same time [12].

2.2 Society Participation

Participation is an activity of participation, participation or community involvement that is related to external circumstances only [13]. According [14] states that, participation is a special form of interaction and communication related to division, namely authority, responsibility and benefits. Reference [15] argues that in the everyday sense, participation is the participation or involvement of someone (individual or citizen) in a particular activity.

Community participation according to [16] is a process where citizens as individuals and social groups and organizations take a role in influencing the process of planning, implementing and monitoring policy policies that directly affect people's lives.

According to [17] there are three reasons why public participation has a very important character. First, community participation is a tool to obtain information about the conditions, needs, and attitudes of the community, without the presence of development programs and projects to fail, the second reason is that the community will trust development projects or programs if they feel involved in the preparation and planning process. Because people will know the ins and outs of the project and will have a sense of belonging. The third reason that encourages the existence of public participation in many countries because of the perception that it is a democratic right if the community is involved in the development of their own society.

According to [18] distinguishes between levels of participation, namely participation in the planning stage, participation in the implementation stage, participation in the utilization stage. Participation in the planning stage is the highest level measured by the degree of involvement. In the planning stage, people are invited to participate in making decisions that include formulating goals, intentions and targets. One of the new development planning methodologies is recognizing the existence of different capabilities of each community group in their control and dependence on the sources that can be achieved in their environmental systems. Knowledge of technical planners from above is generally very deep. Because of this situation, the role of the community itself is ultimately the one who wants to make the final choice because they will bear their lives. Therefore, the planning system must be designed in accordance with the response of the community, not only because of their involvement which is so essential in achieving commitment, but because the community has relevant information that cannot be reached by the supervisor's technical planning [18]; 3) the stage of participation in the implementation of activities. Community participation in empowerment through corporate

social responsibility, is often interpreted as the participation of many people to voluntarily contribute their labor in development activities.

Increasing community participation in empowerment through corporate social responsibility is by changing attitudes, behavior and status. According [19] to achieving empowerment can be pursued by 1) creating a climate or atmosphere that enables its potential to develop ; 2) strengthen the potential that has been owned; 3) protect and prevent the weak from becoming weak ; 4) through practical training directly through the learning process.

2.3 Hotel Policies Regarding CSR

The change in the paradigm of the hospitality industry in the country has implemented standards and criteria and improved sustainable management that is environmentally sound. It has become a positive phenomenon and has a significant adverse effect on the sustainability of the hospitality industry itself.

In the world of business, especially in the hospitality industry, Corporate Social Responsibility (CSR) programs are long-term programs that although the results are not fast-earned benefits, the results are good image / image benefits in the community.

Because, in the long run, consumers will assume that if they use the company's products or services, consumers will also be involved in a social activity as a commitment of corporate responsibility to the environment and society.

Green Hotel Award is a form of appreciation to hotels for their outstanding achievements related to sustainable social matters, including land management, water and energy conservation, the use of environmentally friendly materials, air quality and waste management, shopping policies who consider the environment, reduce food waste and CSR program initiatives.

With the Slogan From You Lorin to be Share, this leading hotel operator in Indonesia places a sustainable community social program as part of the company's business strategy and has affirmed a firm commitment to the environment and community social programs with targets to be achieved by 2020.

These targets include water savings of 15%, energy savings of 10% and reduction of greenhouse gas emissions and a total ban on presenting menus in hotels from endangered marine animals.

3. Methodology

3.1 Place and Time

The research location was established in Surakarta and Bali, which is a region that has a large number of hotels in Indonesia.

The research focused on this region, which has the greatest reach concentrating on community empowerment

activities consisting of five regencies / cities. The study was conducted in November 2018 to December 2018. The location was deliberately chosen based on the geographical location adjacent to starred hotels in Solo. Thus, it is hoped that it is very useful to better understand the region's social and economic system, and can obtain more accurate and in-depth information, because researchers will learn a lot and explore the problems of the community in the area.

3.2 Types of Research

This research is designed quantitatively which is explanatory study and correlational. This study was not conducted intervention and control of variables such as normative ones carried out in an experimental study. This step was taken solely because of consideration of limited time, funds and infrastructure that supported the research. The terrorist model testing is done by analyzing the relationship of influence between variables in the model, through statistical testing of the hypothesis based on the results of the field research. While the sample was determined by group randomization in many stages.

3.3 Populations and Samples

The research population was all customers related to CSR activities of hotels in the former Surakarta residency in Central Java (Solo Raya) of 3 hotels.

The research data comes from primary data. First, primary data obtained from the distribution of questionnaires to hotel customers to measure customer perception variables, the application of regulations related to CSR and the level of customer participation. Data sourced from hotel customers will be taken from 3 star hotels with a population of 1,900 taken by 60 respondents.

3.4 Collection Techniques and Data Instruments

Testing the research measuring instrument aims to test the quality of valid and reliable measuring instruments to measure the variables to be measured in the study. Quality testing of measuring instruments used validity test and reliability test.

a. Validity test

Validity testing is done by item analysis. An instrument is said to be valid, if the correlation coefficient is ≥ 0.113 with $\alpha = 0.05$.

b. Reliability Test

The reliability test of this research instrument produces alpha that has been standardized (standarized alpha item) and this alpha value must be greater than the allowable reliability associated with the number of questions in the questionnaire.

Efforts to improve instrument reliability, especially in the process of preparing and developing instruments and

when we use these instruments to filter data. Instrument reliability test was carried out by looking at Cronbach's Alpha coefficient, and if $\alpha > 0.5$, the research instrument was said to be reliable. Researchers use the SPSS 23 computer program to help speed up and make calculations easier.

3.5 Data Analysis Techniques

The analysis technique used is Multiple Linear Regression.

1) Hypothesis Testing

If the calculation results show the results of $T_{count} > T_{table}$, then H_0 is rejected or H_a is accepted. This implies that partially exogenous variables significantly influence the dependent variable at the error rate $\alpha = 0.05$ or compare the P value (significant) with the magnitude of the error rate $\alpha = 0.05$. If P value is $< \alpha$, then H_0 is rejected or H_a is accepted. It means that partially independent variables have a significant effect on the dependent variable at an error rate of 0.05 or 5%.

4. Discussion

4.1 Effect of Customer Perception of Customer Participation

The opinion of [20] about perception is an individual interpretation of the meaning of something for the individual in relation to the "world". [21] who said that a perception is very important to know the composition or organization of individual behavior. Then someone acts on the basis of something that is there for someone to think about, know or understand.

Customers have a perception that corporate social responsibility is an activity of the company helping the community in the field, namely 1) physical; 2) social; 3) culture; and 4) the economy so that the community is more capable and independent so that the community is helped in improving welfare. Both division companies and partners engaged in corporate social responsibility understand that by providing physical assistance, namely 1) educational infrastructure; 2) worship; 4) social; and 5) educational assistance in establishing relationships with the community means that the company has implemented corporate social responsibility [22].

The results of hypothesis testing prove that customer perceptions have a positive and significant effect on customer participation. These results indicate that the creation of good and conducive customer perceptions through policy structure, management practices, technology used, and the reward system will make hotels in Indonesia have the concept of developing CSR which is a reflection of customer participation. This finding shows that the better the customer's perception of the hotel, the better the hotel customer participation will be.

Hotels in Indonesia which are the unit of analysis in this study have a main focus on managing lodging service providers. As a profit institution engaged in lodging services, hotels have the mission of creating a chain of management of the international lodging business by prioritizing continuous service in improving the quality of customer service both products and services based on total quality management, to improve quality of life,

provide employees with jobs meaningful and opportunity for progress and provide investors with high returns.

Positive influence arises because hotels that have good customer perceptions, where these results refer to the opinions expressed by [21] who say that a perception is very important to know the composition or organization of individual behavior. Then someone acts on the basis of something that is there for someone to think about, know or understand.

The findings of this study can be interpreted that hotels in Indonesia have made quite good efforts that can be seen in creating customer perceptions which include thinking, knowing or understanding by someone. If seen from the estimated value of each indicator of customer perception that influences the participation of hotel customers in Indonesia, then the indicator of customer knowledge is the strongest. This is very reasonable because the hotel as a business entity depends on the perception of existing customers in creating a large customer participation.

The thought of customers within the hotel has an impact on hotel customer participation. This shows that in hotels, information made by hotels related to CSR will increase the customer's knowledge.

Customer knowledge in hotels also has an impact on the creation of hotel customer participation. Based on the results of this study indicate that the indicator of customer knowledge in the hotel is the most dominant dimension in shaping the perception of hotel customers.

In addition to building perceptions of strong hotel customers, they must also pay attention to the understanding of hotel customers at this time. The higher the understanding of hotel customers on hotel activities, the higher the perception of hotel customers towards hotel customer participation in the participation of hotel CSR activities.

The descriptive results of this study also showed that customer perceptions were considered quite good by hotels in the high category. Therefore, to increase customer participation, one of the factors that needs attention is customer perception which includes customer thinking, customer knowledge, and customer understanding in the hotel.

4.2 Effects of Application of Policies Regarding CSR Against Customer Participation

Effect of Significant Implementation of Policies Regarding CSR positively towards Hotel Customer Participation in Indonesia. These results provide evidence that hotels that can build good customer perceptions can have a positive direct impact on hotel customer participation in Indonesia.

These results are in accordance with the literature in the previous study which stated that the implementation of good policies would encourage increasing customer participation. Empirically, the literature discusses how customer perceptions of a hotel will have an impact on increasing CSR development.

In this study, hotel customers view the application of policies related to CSR that encourage the creation of

openness and accommodating for customers in carrying out their responsibilities directly influencing CSR Development. Where the application of policies in the hotel will shape the development of CSR but through the stages before becoming a CSR development.

The findings in this study can also be interpreted that the application of policies related to hotel CSR is a factor that directly encourages customer participation, because customers perceive that the implementation of policies related to CSR directly shapes hotel customer participation.

Based on the results of testing the intervening variables in this study, it was proven that the effect of implementing policies related to CSR on customer participation was significant and positive. The results of this test prove that the application of policies related to CSR can influence the participation of customers with a direct effect value of 0.009.

5. Conclusions

Hotel customer perceptions have a significant effect on hotel customer participation. Customer perception has a significant effect on Customer Participation with a value of p value of $0.016 \leq 0.05$ with a coefficient of 0.211. These results indicate that the better the customer perception will make hotel customer participation to be better too.

Policies related to CSR have a significant effect on hotel customer participation. Policies related to CSR have a significant influence on Customer Participation with a p value of $0,009 \leq 0.05$ with a coefficient of 0.427. These results explain that the implementation of a good CSR-related policy can directly increase hotel customer participation.

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