Implementation of the company's CSR program for SMEs: Will the program effectiveness increase the company's awareness?

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ABSTRACT

Firms wield considerable influence over development as well as their contribution to regional economies, job creation, and business development. Their contribution to development can be understood from the perspective of the Corporate Social Responsibility (CSR) program. The impact of firms' CSR initiatives and brand awareness of the organization is a critical issue that needs to be addressed. Company X is one of the service firms engaged in business consulting. Company X's primary CSR program is CSR Program A, which focuses on empowering SMEs in Surabaya, Indonesia, to excel in their respective industries. The researcher employed a qualitative approach in this study, conducting interviews with five informants to elicit information regarding a company's CSR program for SMEs. The results were: (1) the CSR programs implemented were effective and met the demands of SMEs. The company's commitment to optimizing the implementation of this program's action plan will boost program members' loyalty; and (2) initially, SMEs owners were unaware of the CSR program provider businesses in which they participated. However, while implementing the program, the corporation provided mentors and presenters throughout the course of the program. In turn, resulting in the gradual formation of the second level of company consciousness. Additionally, the presence of a comprehensive CSR program action plan enhances the program's effectiveness from the perspective of program participants, ensuring that CSR programs are associated with a favorable company image (top level of awareness). Future research can expand this analysis by conducting quantitative research to boost the generalizability of the research findings. Prepositions can be used to construct hypotheses.

Keywords: Corporate Social Responsibility (CSR), program effectiveness, company awareness, Small Medium Enterprises (SMEs)

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INTRODUCTION

Firms wield considerable influence over development as well as their contribution to regional economies, job creation, and business development. All of which is facilitated by the development of community skills and ability (Fordham et al., 2018). Their contribution to development can be understood from the perspective of the Corporate Social Responsibility (CSR) program. According to The World Business Council for Sustainable Development (WBCSD), CSR is defined as a business's commitment to sustainable economic development through

collaboration with company employees, their families, as well as local communities, and society as a whole, in order to improve the quality of line. It means that CSR aims to align corporate behavior with societal expectations, including the attainment of broad environmental, social, and economic goals (Fordham et al., 2018; Del Giudice et al., 2018). This allows firms to determine what CSR program they will undertake and what industrial domains they might target, one of which includes upgrading the capabilities and competitiveness of SMEs.

In Indonesia, particularly in the city of Surabaya, the second largest city in Indonesia, the number of SMEs increases. According to the data from the Office of Population Control, Women's Empowerment, and Child protection in 2021, there were 1,976 SMEs registered in the development program in 2010. This number continues to grow, reaching 9,148 transformed SMEs in 2020. The number is enormous, and they can be targeted for firms' CSR initiatives that focused on development, success, and business model transformation. In a larger sense, CSR program can help the firms achieve their core strategic components, such as market position, corporate image, awareness, competitive edge, communication efforts as well as economic growth (Mochales and Blanch, 2021; Cropanzano and Mitchell, 2005).

The impact of firms' CSR initiatives and brand awareness of the organization is a critical issue that needs to be addressed (Suki, Suki, and Azman, 2016; Mattera, Baena, and Cerviño, 2012). Furthermore, this research highlights the importance of a qualitative approach in order to gain a better understanding of the underlying effects of professional CSR program management on business brand awareness among program recipients. Thus, the following research questions should be addressed: (1) Have the company's CSR programs targeted at SMEs been effective? (2) What degree of awareness do the SMEs have regarding the program and the company?

This article will be organized as follows. To begin, the theoretical context is discussed. Second, a qualitative technique is used to build the construct of program effectiveness analysis and brand awareness. Third, the analysis is discussed in detail, followed by the findings. They will be examined in terms of their significance for academia and practice. The final section of this study discussed the study's limitations and makes recommendations for future research. Additionally, this research will aid the development of prepositions for future empirical research.

LITERATURE REVIEWS

Corporate Social Responsibility (CSR)

CSR is defined as a pre-paradigmatic phase in which there is little agreement on definitions and terms and no agreement on what it covers and excludes inside its borders (Suki et al., 2016; Googins et al. 2007). All business stakeholders now expect firms to perform more than only increase production; they also expect firms to play a more engaging role in society (Mochales and Blanch, 2022).

Carroll (1979) categorizes corporate responsibility actions into four categories, which are detailed in Kaman and Othman's (2018) research:

a. Economic responsibility. The critical phrase is "making a profit." Profitability is the primary purpose of a business organization. With a profit, the business will have a foundation to support its daily costs, which is necessary for the business to continue to exist and grow.

b. Legal responsibility. The operative phrase is "follow the law," implying that a business activity must adhere to all applicable laws.

c. Ethical Responsibility. The critical phrase is "be ethical." Business activity is required to follow ethical, correct, and fair business practices consistent with prevailing social norms in order to serve as a model for other commercial organizations' behavior.

d. Philanthropy Responsibilities. The critical phrase here is "be a decent corporate citizen." Apart from profit, compliance with the law, and ethical behavior, a business organization must be able to make a tangible contribution to the community's quality of life. Owners and employees of a business bear a dual responsibility, namely to the company and to the community, which is now referred to as non-fiduciary responsibility.

The company's strategy to be more involved in contributing to the community is geared toward the fourth category, given that the company can adequately meet the three preceding categories.

This will result in company's CSR has become an integral part of the corporate strategy of the majority of large and medium-sized businesses, as an integral component of their strategic objectives and outcomes, regardless of sector or market (Mochales and Blanch, 2022; Youssef, et al., 2018). As a result, it has been shown that businesses that engage in CSR activities can enhance their image, providing a competitive advantage that benefits their growth and profitability (Bacinello, Tontini, and Alberton, 2020).

Brand Awareness and CSR Activities

Brand awareness refers to a potential buyer's capacity to recognize or recall that a brand belongs to a particular product category, so establishing a connection between the product class and the brand (Harcourt and Ubaka, 2018; Travis, 2000). Brand awareness can be defined as the degree to which people are familiar with a certain brand. This degree of familiarity will result in varying levels of brand awareness (Figure 1).

Aaker (1991) distinguishes four stages of brand awareness, ranging from unaware of the brand to vague feelings that the brand exists, from brand recall to a sense that the product is the only one in its category. As a marketer, the long-term goal of the organization is to reach the top of the pyramid. This indicates that not only the company's products must be known, but also the company's name must be introduced in order to achieve a competitive edge in business. This term is called company awareness.

Corporate identity encompasses multiple characteristics, including brand loyalty, corporate culture, and brand recognition, all of which are interconnected. The analysis of consumers' attitudes about a company based on cause-related marketing, as well as the customer, are key factors of interest. Particularly in the service sector, where the company brand is everywhere (Mattera et al., 2012; Balmer and Greyser, 2006; Nan and Kwangjun, 2007; Davies et al., 2004)
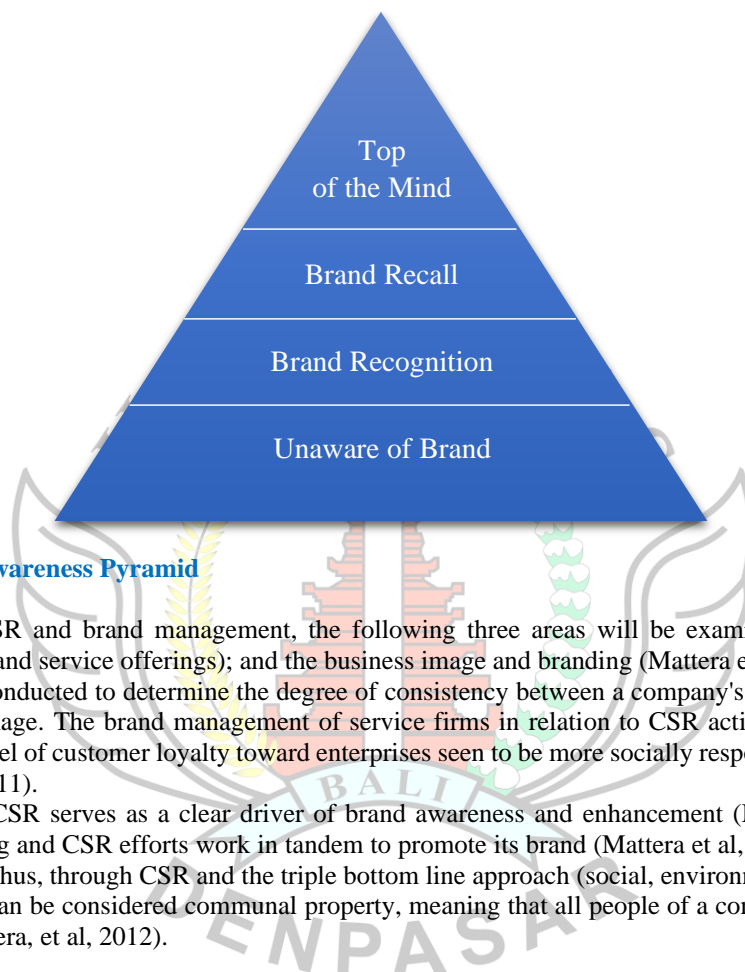

FIGURE 1. The Awareness Pyramid

When analyzing CSR and brand management, the following three areas will be examined: the marketplace (branding, product, and service offerings); and the business image and branding (Mattera et al, 2012). Numerous studies have been conducted to determine the degree of consistency between a company's policies and practices and its corporate image. The brand management of service firms in relation to CSR actions was concluded to result in a higher level of customer loyalty toward enterprises seen to be more socially responsible (Mattera et al., 2012; He and Li, 2011).

Additionally, CSR serves as a clear driver of brand awareness and enhancement (Middlemiss, 2003). A company's marketing and CSR efforts work in tandem to promote its brand (Mattera et al, 2012; Blimenthal and Bergstorm, 2003). Thus, through CSR and the triple bottom line approach (social, environmental, and financial), a successful brand can be considered communal property, meaning that all people of a community identify with and support it (Mattera, et al, 2012).

Program Effectiveness and CSR Activities
According to Budiani (2007), the following variables can be used to determine a program's effectiveness:
a. Program Objective, namely the extent to which the program's clients adhere to set targets.
b. Program Information, namely the capacity of program organizers to conduct program socialization in order to communicate information about program execution to the general public and to program targets in particular.
c. Program goal, namely the degree to which the program's outputs conform to previously established program objectives.
d. Program monitoring, i.e., activities carried out following the distribution of the program's outcomes as a means of attracting the attention of customers.

The effectiveness of a program can also be assessed by comparing it to the actual results obtained. However, if the effort or outcome of the work and actions undertaken is ineffective and results in the goal not being reached or the intended goals not being met, the effort or result is said to be ineffective (Budiani, 2007).

Effective programs do not arise by accident; they must be managed properly and strategically. In terms of CSR operations, CSR (policy, program, or process) is strategic when it generates significant business benefits for the firm by supporting core business activities and contributing to the firm's effectiveness in achieving its purpose (Burke and Logsdon, 1996). Thus, CSR strategies and action plans influence brand image and contribute to the

development of the brand's fundamentals (Mochales and Blanch, 2022; Popoli, 2011). As a result, it contributes to their brand equity, which is broadly defined as the brand's market value (Mochales and Blanch, 2022; Aaker, 1996).

RESULTS AND DISCUSSION
Results

Company X is one of the service firms engaged in business consulting. Company X's primary CSR program is CSR Program A, which focuses on empowering SMEs in Surabaya, Indonesia, to excel in their respective industries. This indicates that there is no distinction between SME industries that participate in CSR Program A.

The researcher employed a qualitative approach in this study, conducting interviews with five informants to elicit information regarding a company's CSR program for SMEs. Table 1 contains a list of informants who own SMEs and whose SMEs benefited from the same company's CSR programs (Company X data of 2021).

TABLE 1. Informants Profile

No	Name (Initial)	Type of SME Industry
1	DA	F&B
2	ED	Catering
3	HA	F&B
4	TN	Fashion
5	IO	Recycled Products

The researcher followed the following procedures for conducting this research:
1. Create an interview protocol that is relevant to the research issue, which is Company X's Program Analysis and Brand Awareness.
2. Due to the restrictions on community activities during the pandemic, interviews were performed by telephone.
3. The interview process begins with consent from each informant.
4. Transcribing the findings of informant interviews
5. Coding of informant interview transcripts
6. Analyze the coding results.

The informants were given a semi-structured personal interview. Due to two key concerns, semi-structured interviews were chosen as the data gathering method. First, they are highly suited for examining respondents' thoughts and attitudes about complicated and often sensitive matters and eliciting additional information and clarification of responses. Second, the sample group's diverse professional, educational, and personal backgrounds prevented the implementation of a regular interview format (Kallio, Pietilä, Johnson & Kangasniemi, 2016; Barriball and While, 1994). Table 2 were the interview protocol that used during the interview with the informants.

TABLE 2. Interview Protocols

Construct	Aspects	Question Asked	Reference
Program Effectiveness	Program Objective (PO)	**PO1.** What types of activities are often organized through the CSR Program A? **PO2.** Did you notice an improvement in your family's economic situation as a result of your participation in the company's CSR Program A?	Budiani (2007)
	Program Goal (PG)	**PG1.** How long have you been participating in the CSR Program A of Company X? **PG2.** Why did you select to participate in Company X's CSR Program? **PG3.** Were the activities interesting to you?	
	Program Information (PI)	**PI.** How did you become aware of Company X's CSR Program?	
	Program Monitoring	**PM.** How was the management of Company X's CSR Program monitoring	

			Handayani et al (2010)
	Unaware of Brand (UB)	**UB1**. At first, are you aware of Company X sponsored the CSR Program A? **UB2**. Have you frequently heard that CSR Program A is one of Company X's initiatives? **UB3**. How long have you been aware that the CSR Program A is a subset of Company X's initiatives directed toward SMEs?	
Company Awareness	Brand Recognition (RECOG)	**RECOG1**. Are you familiar with Company X? **RECOG2**. How did you learn about Company X? **RECOG3**. Are you familiar with Company X as a result of their CSR Program A for SMEs?	
	Brand Recall (REC)	**REC**. Is CSR Program A for SMEs identical to Company X?	
	Top of Mind (TOP)	TOP**. Is Company X become the first company that comes to your mind if we discuss about CSR programs for SMEs?**	

(PM)	the SMEs it fosters?

According to Table 2, the interview protocol divided into two major components, including Program Analysis and Company Awareness. This study will determine whether the CSR Program A from Company X would be successful in raising awareness of the program's targets (SMEs) towards Company X.

Discussion

Based on the coding analysis of the answer transcripts from the informants, the results are shown in Table 3 as follows:

TABLE 3. Coding Analysis

No	Question Code	Information Response				
		DA	**ED**	**HA**	**TN**	**IO**
1	PO1	Business seminar and Training	Business plan seminar, financial literacy, offline and online selling	Digital marketing seminar, Facebook marketing, accounting training	Training and roadshow	Seminar, training, and exhibition
2	PO2	Yes	Sure	Yes	Sure	Sure
3	PG1	9 years	4 years	6 years	9 years	8 years
4	PG2	"I think I can learn so much in this program"	"It's obligated by the district government."	"Because the program is very good and useful for SMEs"	"Because the program is very good and useful for SMEs"	"Because CSR Program A has a vision and mission to promote SMEs business."
5	PG3	"Interesting, because I need for my business and gain a lot of new knowledge."	"Very interesting. I can get much new knowledge."	"Very interesting. I can get much new knowledge to sell my products"	"Interesting. I can get much new knowledge."	"Interesting, because the SMEs can understand more about ways and systems of how to be a

No	Code				
					"good entrepreneur."
6	PI	"From my neighbour"	"SMEs relations"	"SMEs relations that already join the program"	"Roadshow to Districts"	"Mayor's championship"
7	PM	"We have to submit our financial statements every 3 months"	"Submit 3-months financial statements"	"By submitting financial statement every 3 months"	"SMEs survey and financial statement submission."	"By submitting financial statement every 3 months"
8	UB1	"Yes, after I join the program"	Yes	Yes	No	No
9	UB2	"Often"	"Yes, quite often"	"I knew about the CSR Program A, but I often heard about Company X"	"Yes, quite often"	"Yes, quite often"
10	UB3	"Three years after I joined"	"Since the day I interested in joined the program"	"Since day one I joined"	"One year after I joined the CSR Program A."	"A half year after I joined CSR Program A."
11	RECOG1	Yes	Yes	Yes	Yes	"Yes, sure."
12	RECOG2	"From the CSR Program A activities, and their cookie order at my business"	"From the Mentor of CSR Program A."	"From CSR Program A"	"From CSR Program A"	"After became a champion in CSR Program A's Awarding Ceremony"
13	RECOG3	Yes	Yes	Yes	Yes	Of course.
14	REC	Yes	Yes	"Yes, since the mentor is always from Company X."	Yes	Yes
15	TOP	Yes	Yes	Yes	Yes	Yes

According to the data in table 4, it appears that Company X had implemented the program successfully. The SMEs owners, who are members of CSR Program A, were able to comprehend well the roles, activities, and benefits of CSR Program A (question code PO1, PG1, PG3). Company X implemented a mentoring method for CSR Program A. They monitored program members' financial performance, as well as conducted program satisfaction surveys to ascertain participant satisfaction levels and analyze participants' needs for program activities (question code PM and PG3). These were what motivate program members, who may have learned about the program through acquaintances and subsequently joined or as a prize for winning an entrepreneurial championship, to become devoted to the program and remain a member for many years (question code PI and PO2).

Furthermore, to ascertain Company X's level of awareness regarding CSR Program A, the analysis employs four levels of brand awareness. The first level is unaware of the brand. According to the interview data, the majority of program participants were unfamiliar with Company X prior to joining the program. However, these SMEs' owners gradually became aware of Company X's existence and its role in CSR Program A. (question code UB1, UB2, UB3).

The second level is company brand recognition. The informants were familiar with company X at this level. This was because Company X assigned mentors to conduct training sessions, seminars, and monitoring activities for participants in CSR Program A (question code RECOG2 and RECOG3). Company X' strategy for introducing its organization was regarded as capable of increasing the company's brand recognition (question code RECOG1, RECOG2).

This method appeared to be working, as indicated by informants' favorable responses at the third and fourth levels of the company's brand awareness: brand recall and top of mind. According to the informants, CSR Program A was a flagship program from Company X, and Company X has a very well-established program called CSR Program A. This reciprocal perception meant that CSR Program A for SMEs was identical to Company X.

Therefore, in the long run, if the informants were asked about 'any CSR program available for SMEs', they would gladly respond and suggest Company X's CSR Program A.

CONCLUSIONS AND SUGGESTION

According to the findings of the qualitative study, the CSR programs implemented were effective and met the demands of SMEs for training, seminars, business mentoring, and monitoring activities. The company's commitment to optimizing the implementation of this program's action plan will boost program members' loyalty. This means that SME engagement in the CSR program will increase, and they will suggest the program to other SME owners. Therefore, the prepositions proposed for further research are as follows:

Preposition 1: CSR Program Effectiveness will positively increase participants (a) Loyalty toward the Program and (b) the Company

The second research question concerns the company's level of awareness. The interview findings indicated that initially, SMEs owners were unaware of the CSR program provider businesses in which they participated. However, while implementing the program, the corporation began introducing itself by providing mentors and presenters throughout the course of the program. This, in turn, increases the stimulus for program participants, resulting in the gradual formation of the second level of company consciousness. Additionally, the presence of a comprehensive CSR program action plan enhances the program's effectiveness from the perspective of program participants. This encourages SME owners to perceive their businesses as good service firms with focused flagship initiatives, ensuring that CSR programs are associated with a favorable company image (top level of awareness). Therefore, the prepositions proposed for further research are as follows:

Preposition 2: CSR Program Effectiveness will positively increase the achievement of brand awareness toward (a) the program and (b) the company.

The primary limitation of this study is the emphasis on qualitative research; this is because the research seeks to explain the phenomenon of CSR and awareness. Future research can expand this analysis by conducting quantitative research to boost the generalizability of the research findings. Prepositions can be used to construct hypotheses and can be supplemented with additional factors that help distinguish and explain the process of generating awareness of CSR programs and program provider firms.

This study's next limitation is that it is constrained to one firm and one CSR program. A more thorough discussion will be beneficial in understanding the effectiveness of CSR programs in increasing the quality of SMEs, even more so if future research includes a broader range of program providers and is not confined to service enterprises. Additionally, evaluating the performance of programs requires indicators that are more robust and may be used in quantitative research. Some dimensions of program effectiveness are longitudinal studies, demanding additional research.

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