

**ERASMUS UNIVERSITY ROTTERDAM**

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**Bachelor Thesis International Bachelor of Economics and Business Economics**

**Do CSR Activities of Cigarette Companies in Indonesia Improve the Brand Images of the Company?**

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## **Abstract**

This research aims to study whether the CSR programs conducted by cigarette companies in Indonesia does positively influence their brand image or not. This research finds out that there is a positive impact from CSR programs conducted by cigarette companies with their brand image, meaning that CSR programs conducted by cigarette companies in Indonesia successfully improve these companies' brand image. This research also finds out that there are no differences between the point of view of smokers and non-smokers, towards the brand image of cigarette companies. Moreover, this research also discusses about the potential of Indonesian cigarette companies in Indonesia committing greenwashing, where the purpose is to distract public from the damages which these companies created.

## **Chapter 1: Introduction**

### **1.1 Background**

Corporate Social Responsibility (CSR) is an important matter that must be considered by companies (Park, 2019). CSR programs requires companies to pay attention to economic, legal, and technological matters that occur as a result of business activities carried out by the company. The role of CSR encourages companies to provide social benefits to society, such as in economics, law, and technology, as a form of concern of the business (FrajAndrés et al., 2012). From the manager's point of view, companies do CSR activities as a tool in formulating strategies, complying with regulations, and maintaining the standards set by the company. Theoretically, this condition explains the change in CSR from social benefits to strategic benefits used by companies in achieving sustainable development (Hamidu et al., 2015). CSR program is seen as an important activity in creating a company's image in the eyes of consumers (Shabbir et al., 2018). The results of Jiyu's research (2019) show that CSR has a significant effect on brand image. By doing CSR activities, company can reduce the negative impact on brand image on certain issues that can degrade the company's image.

The cigarette industry is categorized as a "sinful" industry because it has a negative impact on public health. The cigarette industry's CSR in sports has historically been widely used (Batty et al., 2016). However, for the tobacco industry, CSR activities and communication in sports have been tightly regulated in many countries (Batty et al., 2016). This is due to the products of the tobacco industry are not in in line with the value of social responsibility and are accused only as a marketing strategy to continue to promote tobacco (Drope et al., 2018). For example, such actions and publications from the tobacco business are totally prohibited in the Netherlands. However, tobacco CSR projects and communications are still permitted in nations like Indonesia (World Health Organization, 2016).

The research by Siahaya & Smits (2021) shows that the cigarette company in Indonesia, Djarum, has been successful in building a fresh, good reputation as a sports brand that fosters enjoyment and wellness. Djarum does this by enlisting youngsters as badminton athletes and training them to win world championships. Even sports are now a component of the corporate culture at Djarum. Due to the visual identity of its products being consistent with its sports CSR initiatives, Djarum is able to project a favorable corporate image. Djarum has also been

able to achieve this by getting around rules that allow him to air his television advertising without the time restriction that typically applies to cigarette businesses in Indonesia.

This study will examine the impact of CSR initiatives made by tobacco firms in Indonesia generally and determine if such initiatives may improve the perception of a brand among consumers, regardless of the health impact caused by cigarettes. This study will involve the perspectives of Indonesian smokers and non-smoking customers on CSR activities carried out by these companies. This study will provide a greater understanding for tobacco companies in Indonesia for the further development of their CSR activities in the future.

## 1.2. Study Importance

### **Scientific relevance**

CSR activities are frequently used by the banking sector (Pratihari & Uzma, 2018). Several studies have examined the role of CSR on corporate image in the banking industry (Al Mubarak et al., 2019). The results of his research show that there is an influence of CSR on Corporate Image..However, CSR research on Corporate Image is difficult to find in the cigarette industry

### **Social Relevance**

The cigarette industry plays an important role in economic stability, particularly in terms of providing employment and tax revenue for the government. On the other hand, the cigarette industry creates economic dependence on farmers and damages the final product (Bossle et al., 2015). The cigarette industry also causes social problems in the community, such as health, environmental pollution, and education for its users. CSR program in cigarette companies is still a debate as a marketing strategy that only provides benefits to the company. In this study, the perspective of CSR program will be assessed based on public perception so that it can prove the role of CSR activities in building a corporate image for cigarette companies.

### **Managerial Relevance**

From a managerial perspective, this study is also relevant. The study will assist management teams in informing and developing these companies' CSR activities, as well as dealing with the public's negative perception of cigarette companies. The research can help managers and marketers to get insights whether the CSR activities conducted by these companies are effective

towards the people or not. By knowing the important attributes of customers, the CSR strategies can be directed towards the result of this study.

### 1.3. Problem Statements and Research Questions

#### ***1. Principal Research Question***

- Do CSR activities of cigarette companies in Indonesia improve these companies' brand image?

#### ***2. Theoretical Sub-Research Problems***

- What is CSR?
- How important is a company's brand image?
- What factors influence people's perspective towards the brand image of the company?

#### ***3. Empirical Sub-Research Issue***

- What is people's point of view towards cigarette companies and their CSR activities?
- What does CSR for cigarette companies in Indonesia look like?

### 1.4. Research Objectives

The purpose of this research can be described as follows:

1. To analyze the public perception of the implementation of CSR by cigarette companies,
2. To analyze the public perception of the cigarette company's brand image
3. To investigate the relationship between cigarette companies' CSR implementation and their brand image.

### 1.5. Research Organization

The main part of this bachelor thesis is divided into chapters and sub-chapters, which are as follows:

Chapter I: Introduction. This chapter consists of background, research relevance, problem formulation, research objectives, and writing systematics.

Chapter II: Literature Review. This literature review chapter includes: the theoretical basis, which contains a discussion of the meaning of CSR; and brand image. It also contains the formulation of research hypotheses theoretically and based on previous research.

Chapter III: Research Methodology. In this chapter, the author suggests the research methods carried out by the authors, including the type of research, data collection methods, population and samples, and data analysis methods.

Chapter IV: Results and Discussion. This chapter consists of a description of the results of research and analysis. both qualitatively, quantitatively, and statistically, as well as discussion of research results.

Chapter V: Recommendations and Conclusions. The findings and recommendations from all the conducted study are presented in this chapter. Conclusions can be drawn on issues found in the research as well as the outcomes of its completion and objective analysis. While the recommendations offer a solution to the issues and shortcomings that already exist. This recommendation and the scope of the study are interrelated.



## **Chapter 2: Literature Review**

Chapter 2 will consist of literature review which will be used for the discussion and conclusion chapter. It includes: the theoretical basis, which contains a discussion of the meaning of CSR; and brand image. It also contains the formulation of research hypotheses theoretically and based on previous research.

### **2.1 Corporate Social Responsibility**

Corporate social responsibility, or CSR, is the obligation of for-profit and not-for-profit corporations for their influence on stakeholders, the environment, and larger society, according to literature authored by Julian D. Riano and Natalia Yakovleva. It emphasizes on the responsibility and openness of corporate behavior, which includes efforts in the social, ethical, environmental, and economic spheres. These acts are frequently voluntary and take place both inside and outside of market and business transactions (Riano and Yakovleva, 2019). Taking part in CSR initiatives for businesses has a number of advantages. Cost savings, brand recognition and distinctiveness, as well as a platform for innovation, are all advantages of CSR initiatives, according to a Grand Canyon University study (GCU, 2022).

Kotler and Lee (2014) describe a CSR program as an organization's commitment to enhancing community welfare through ethical business practices and giving back a portion of the company's resources. There are two main categories of CSR activities: those that concern welfare and those that concern stakeholders' wellbeing. According to agency theory, the role of society in the corporate environment is significant. Organizations are being urged to demonstrate a feeling of social responsibility as a result of consumer education and social welfare sensitivity (Osman et al., 2015). Three categories serve as Crowther David's (2008) breakdown of the CSR responsibility concepts, namely:

#### ***a. Sustainability***

In relation to how companies carry out activities (actions), they still consider the sustainability of resources in the future. In addition, sustainability offers guidance on how to use present resources while taking the capacities of future generations into account. Because of this, sustainability is based on adopting positions and making efforts to get society to use resources in a way that considers the needs of future generations.

## ***b. Accountability***

It is a public company's initiative, and it is accountable for the actions that have been taken. When a company's operations have an impact on and are impacted by the outside world, accountability is required. The quantitative impact of business actions on both internal and external parties is explained by this idea (Crowther David, 2008). Accountability may be utilized by businesses to establish a reputation and network with stakeholders. There are social and economic repercussions to the scope and complexity of corporate reports. The degree of corporate responsibility and accountability influences stock transactions and impacts the credibility of external stakeholders. The community's reaction to the firm depends on how accepting it is of social responsibility initiatives. Negative news, however, tends to harm the company's reputation and backfire. Accountability and transparency have positive social and economic effects, claims David Crowther in 2008. Furthermore, it is noted that the data provided by the organization aids stakeholders in making decisions. When used as a form of accountability, the information in the company's report must exhibit the following qualities in order to be considered adequate:

- 1) Understanding by all parties involved
- 2) The information provider's relevance to the users
- 3) Reliability in terms of measurement accuracy, impact representation, and bias-free operation
- 4) comparability, which implies consistency, both over time and between different organisations.

## ***c. Transparency***

This idea is significant for outside parties. Reporting on business operations and how they affect other parties is related to transparency. According to Crowther David (2008: 204), information sharing and accountability for diverse environmental consequences are particularly crucial for minimizing knowledge asymmetry and misconceptions among external stakeholders.

The measurement of CSR program in this study refers to the opinion of Pérez & Rodríguez del Bosque (2013), which consists of the dimensions of **customers, shareholders, employees, and society**.

**a. The customers' dimension, consists of**

establishing processes to address consumer concerns and treating them fairly. Its staff give consumers comprehensive information about the company's goods and services and monitor customer satisfaction levels to optimize product and service marketing; Try to understand the demands of your consumers.

**b. The shareholders' dimension, consists of**

maximizing earnings, upholding rigorous cost control, and working to secure the company's long-term viability and success.

**c. The employees' dimension, consists of**

It treats its employees fairly (without discrimination or abuse), pays fair compensation to its employees, provides safety at work, provides training and career chances to its employees, and provides a pleasant working environment (e.g., flexible hours, conciliation).

**d. The communities' dimension, consists of**

It contributes money to cultural and social events (such as music and sports), plays a social role in addition to generating economic benefits, is concerned with enhancing the general well-being of society, and respects and protects the natural environment.

**e. General dimension, consist of**

adhering to established ethical standards; always abiding by the norms and regulations of the law; being concerned with fulfilling its commitments to its shareholders, suppliers, distributors, and other business partners.

### 2.1.1 The Impact of Corporate Social Responsibility on Marketing

From a marketing standpoint, it is crucial for businesses to engage in CSR initiatives. According to Silvia-Stefania Mihalache's study, marketing must address and improve stakeholders' and society's well-being, hence CSR is a necessary component of marketing nature (Mihalache, 1918). Doing well by doing good, or CSR for short, is said to become the company slogan for major businesses, who launch CSR programs and employ marketing strategies to make their activities relevant to the stakeholders by influencing their decisions, according to Stroup and Newbert (Stroup and Newbert, 1987).

In undertaking CSR activities, it can always be considered a marketing strategy since it contains promotion in it to promote the company as a socially responsible company, which sometimes even affects consumers' decision-making process when buying a product. If we look at one of the most popular marketing strategies, which is 4P, it stands for Product, Price, Place, and Promotion. According to literature conducted by Heidi Cohen, promotion in the marketing mix consists of content, communications, and messaging that persuade your audience, including buyers and purchase influencers, to purchase your product or service, and to create a positive brand image through it (Cohen, 2021). Therefore, it makes sense for companies to conduct CSR activities, as part of communication and messaging to create a positive image as a socially responsible company in the eyes of the public.

When it comes to marketing, CSR can be considered as part of SRM, or Socially Responsible Marketing, which can improve the company's brand image. According to Ellis Jones (2011), SRM conveys to customers that the business accepts responsibility for the negative effects of its activities and seeks to mitigate them (Jones, 2011). Based on literature published by Milena Ilic, there are three main benefits of doing socially responsible marketing. Building a successful brand is one of them; it associates a brand with socially responsible behavior, has a positive impact on sales, and fosters customer loyalty and devotion (ilic, 2012). According to an article published by Investopedia, a firm may attract clients who are driven by social responsibility commitments and who want to help the welfare of the community by engaging in CSR activities like creating a campaign of sustainability-related material for the public to see the company as philanthropic and responsible. (Investopedia, 2022).

In conclusion, even though there are laws which obligate companies to perform CSR program, the activity itself gives the companies various benefits, starting from financial benefits, operations, and even stakeholders' perspective towards them.

## 2.2 Brand Image

The public's opinion of the business or product is its "image." Numerous external elements that are outside the company's control affect image. According to Kotler and Keller (2016), an image is a person's conception of a certain subject. An image is a perspective that the public has about a business, an item, a person, or an organization. For businesses, image refers to how the public sees the organization. The public's knowledge and impression of the firm in issue serve as the foundation for this view. As a result, a corporation may not always project the same image to the public. One of the factors that customers consider when making critical decisions is a company's image.

In order to determine exactly what is on each person's mind regarding a certain item, how they comprehend it, and what they like or hate about it, image can be quantified by a person's opinion, impression, or response. In addition, brand image is an impression of a brand as represented by brand associations in customers' brains, according to Kotler and Keller (2016). The indications used to gauge brand image, according to Aaker and Biel (2017), are as follows:

- a. Image maker (corporate image): An image maker is an association perceived by consumers of a product or service that includes the company's popularity, credibility, and network.
- b. "User image" is a set of associations that customers make in their minds about people who use products or services, including the person themselves, their way of life or personality, and their social standing.
- c. Product image, which is a set of associations that customers make with a product and comprises the product's characteristics, consumer advantages, practical applications, and warranties.

Bhandari & Javakhadze (2017) state that broadly the company's image is a set of beliefs, ideas, and one's impression of a company. There are things that drive the measurement of improving the company's image, namely, (a) financial performance; (b) corporate governance and management quality; (c) social, ethical, and environmental performance; (d) employees and

company culture; (e) marketing, innovation, and customer relations; (f) compliance with applicable regulations; and (g) crisis communication and management. Measurement of brand image in the research of Plumeyer et al. (2019) measuring the company's brand image through the dimensions of functional image, affective image, reputation, and the brand is interesting.

According to Kotler, a brand image is the set of beliefs, ideas, and impressions that a person holds regarding an object (Kotler, 2001). Therefore, creating a good brand image in front of a company's stakeholders is important for the sustainability of the company. Several benefits are delivered by having a good brand image. According to an article published by Oskar Duberg, there are seven main benefits of having a positive or good brand image. These advantages include better consumer loyalty, stronger brand awareness, higher advertising effectiveness, and less price sensitivity, increase the potential of new employees, and increase the pride of employees (Duberg, 2021). Therefore, having a great brand image for a company is a must since it gives the company desirable benefits for their sustainability.

### 2.3. Indonesian Cigarette Company and Its Consumption

Cigarettes were introduced to Indonesian people in the late 1500s, and then started to rise after VOC, or Vereenigde Oostindische Compagnie, entered Indonesia, which promoted the smoking culture to Indonesian people (Seto, 2019). People started to smoke after it became popular, but no company had the initiative to produce cigarettes. The first Indonesian cigarette company was created in 1910 in a small city in Indonesia called Kudus, which has now become the center of cigarette production in Indonesia (CNBC, 2022).

Indonesia is now in the top 15<sup>th</sup> place in the world ranking for cigarette consumption (worldpopulationreview, 2022). According to data published by the Indonesian Minister of Industry, there are 374 cigarette companies operating in Indonesia (KPRI, 2021). Due to the huge amount of production and consumption of cigarettes, it is difficult to set a certain restriction which is too strict for cigarette companies to reduce the amount of consumption, such as a tax, due to the great contribution given by the industry to Indonesia's state tax revenue, which is 9.5% from the total Indonesian revenue (Fajriah, 2017). Moreover, cigarette industry in Indonesia also employed 6.1 million people in Indonesia (Fajriah, 2017). Even though cigarette product gives bad impact towards the health of its user and environment, the government can't restrict, for example, raise the tax for cigarette that is high enough for people not to smoke cigarette anymore, since it will make the country loses a huge amount of their

income. It has become a dilemma for the government, whether to commit to increase the tax of cigarette product high enough to reduce the number of smokers significantly due to health and environmental reasons, or to let it slide a bit to maintain the income of the country.

### 2.3.1. Indonesian Cigarette Companies' CSR Program

As one of the biggest taxpayer industries in Indonesia, Indonesian cigarette companies do lots of corporate social responsibility, even compared to other industries. The CSR programs provided by the cigarette industry is carried out in various fields of activity, such as: education, sports, concerts, the arts, and culture. The existence of CSR programs is carried out by the company in the form of awareness of cigarettes carried out by all Sampoerna retailers called SRC to prevent the purchase of cigarettes by children under 18 years. In addition, there is a CSR program that has been around for a long time, namely PB Djarum, a badminton foundation that has been around since 1969. It has been 50 years since PB Djarum has continued to facilitate young Indonesian people in badminton and brought lots of trophies for Indonesia (Najoan, 2020).

These activities cause some controversy for the public since the purpose of CSR is to give the company the image of a socially responsible company, but on the other hand, cigarette products are bad for health, the environment, and others. According to research conducted by Christoph Lutge, through their CSR programs, tobacco companies have successfully achieved their goal of promoting the tobacco industry as a socially responsible industry in Indonesia. The tobacco companies' CSR activities have instilled their good image in Indonesian communities, as the activities have easily captivated public sympathy (Lutge, 2015). The results of the research raise even more questions about whether the bad sides of cigarette products are overcome by their CSR activities. This statement is also strengthened by research which is conducted by Siahaya & Smits where it's stated in the research that cigarette company in Indonesia, Djarum, successfully build its positive identity as a sports brand that produces health and happiness.

## 2.4 Cases in Corporate Social Responsibility Programs

### 2.4.1. General Cases

CSR is often misunderstood by companies, since by conducting CSR activities, a company can increase their positive image in front of the public. There were cases where companies faked their CSR activities to get recognition from the public as socially responsible companies. One

of the most popular cases that happened lately was the greenwashing case of Deutsche Bank. In 2020, DWS touts its expertise in sustainable investments by claiming that it would employ artificial intelligence to find businesses that pose a climate danger (Sims, 2022). These actions, which were later noticed by the DWS supervisory board, were investigated, and followed by investigations from many parties, such as the US Securities and Exchange Commission, BaFin, and even Frankfurt Police. The company was then raided by prosecutors, police, and other officials, and identified factual evidence refuting claims made in DWS fund sales prospectuses claiming environmental, social, and governance (ESG) considerations "were not taken into account at all in a considerable number of investments." (Sims, 2022).

#### 2.4.2 Cases of CSR for Cigarette Companies in Indonesia

Not only DWS, some media in Indonesia have also published accusations against tobacco companies in their media, regarding the potential possibility of greenwashing done by cigarette companies in Indonesia. According to an article published by Akurat News, there are tons of cigarette waste being dumped, and Indonesia is the second largest country in terms of cigarette waste (akuratnews, 2022). Findings about the large amount of waste of tobacco products or cigarettes in a free environment show that the tobacco industry ignores the responsibility of the tobacco industry for their production waste, whereas as a producer, the tobacco industry should be responsible for managing their product waste (Extended Producer Responsibility). However, instead of creating a system to manage their product waste, the tobacco industry has invested in greenwashing to divert people's attention from the environmental losses they cause (akuratnews, 2022).

#### 2.5 Hypothesis

According to Kotler and Lee (2011), social responsibility (CSR) has many benefits for companies at a time when companies want to increase sales and market share by doing social responsibility (CSR). Corporate Social Responsibility (CSR) can ensure the confidence of company executives, which can help companies get new customers or consumers' buying interests. Oliveira and Rodrigues (2012) reveal that CSR program and play an important role in building a strong brand image, so that, in turn, it will create consumer loyalty for the company. Even more so, there is a willingness of consumers to pay higher prices for products or services provided. Meanwhile, He and Lai (2012) in their research also revealed that CSR program can directly affect brand image.



Previous research conducted by Naqvi et al. (2013) in Pakistan indicated that the relationship between a CSR program and brand image is both favourable and substantial. Given the differences in culture, economic class/income, and social background between Pakistan and Indonesia, it is possible to produce different results on the influence of the relationship between the two. Moreover, the issue of CSR is not new to the business world in Pakistan, and people are aware of the need to care for the environment.

According to this research, the following hypothesis was created:

**H1: The implementation of the Indonesian cigarette company's (Indonesian cigarette industry as a whole) CSR program does positively influences Indonesian cigarette company's brand image.**

Smoking behaviour can be considered as an important aspect to analyze due to the different points of view that can occur due to this smoking behavior. Non-smokers tend to view smokers negatively. According to a study by Amanda J. Dillard, Renee E. Magnan, Amber R. Köblitz, and Kevin D. McCaul, non-smokers were less ready to form close connections with smokers and had a more unfavourable attitude about them (Dillard, 2018). Even though the analysis is slightly different, one in terms of an individual who smokes and one in terms of the company that manufactures the cigarette, it is possible that non-smokers have the same attitude toward cigarette companies as they do toward smokers.

According to this research, the following hypothesis was created:

**H2: Smokers and non-smokers have different point of view towards Indonesian cigarette companies' brand image**

### Chapter 3: Methodology

Chapter 3 will discuss about the methodology used in this research. It consists of the design of the research, conceptual model, survey design, and interview design.

#### Research Design:

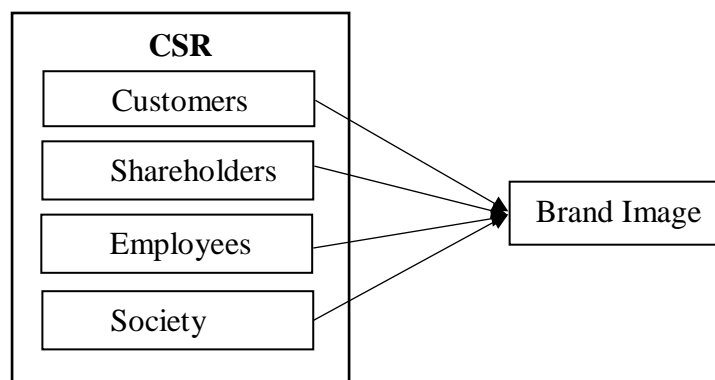
The research design used in this research is non-experimental research. This research is a correlational study based on the characteristics of the problem, which is seen from the functional category. With correlational study, researchers can get information regarding relations that happen between two variables, which are an independent variable (X) and a dependent variable (Y).

The nature of this research is correlational, because in this study the researcher can choose individuals who have variations in the things investigated. All group members selected as research subjects were measured regarding the two types of variables investigated, then calculated to determine the correlation coefficient. Correlation research is also known as associative research, namely research that seeks a relationship between one variable and another, namely symmetric, causal, and interactive.

In this research, two main variables for the independent and dependent variables are chosen, which are Corporate Social Responsibility (Customers, Shareholders, Employees, Society) as the independent variable, or variable X, and Brand Image (Corporate image, user image, product image) as the dependent variable, or variable Y.

#### Conceptual Model

Based on the literature study and the formulation of the hypothesis above, the conceptual framework of the research can be presented as follows:



### 3.1 Desk Research

This research method is done by gathering data through available resources. These resources consist of sources from the internet through reliable sites such as tobaccocontrol, tobaccojournal, Investopedia, etc. Data can also be gathered through physical sources such as university libraries and data centres. The purpose of doing the desk research is to get secondary data that can support the data that is gotten from the primary research. Desk research can also give a point of view towards what kind of data needs to be gathered from the primary research.

### 3.2 Method of Data Collection (Survey)

The data collection method in this research will be conducted through a survey. A survey can be done using different methods. The main methods are telephone surveys, personal surveys, mail surveys, and electronic surveys. To make the survey as efficient as possible, an electronic survey will be the best option for this research since the survey can be conducted through an online website, and anyone with the link can answer the survey directly as soon as they get the link to the website.

In this research, the method of survey which will be used is a web-based survey, using Qualtrics as the main base of the survey. The survey will be distributed to respondents through online platforms such as social media such as WhatsApp, LINE, and other media that are often used by Indonesian people. Respondents can answer the survey without any influential intervention. A random sampling method will also be used in this survey. Web-based research has its own advantages and disadvantages. A Web-based survey is best to be used when researchers want to conduct the research as efficiently as possible due to the flexibility of the respondents to participate in the survey anywhere and anytime. Moreover, a web-based survey is easy to distribute to participants since it can be distributed through online media. On the other hand, information asymmetry is inevitable due to the lack of contact between the respondents and the researcher, and it may cause some lack of understanding when answering the surveys for the participants. Therefore, careful explanation of some unfamiliar words is needed to reduce the chance of misunderstanding as much as possible.

#### 3.2.1 Survey Design

The purpose of the survey is to determine whether cigarette companies' CSR activities truly increase their positive brand image in the eyes of the customers or not. The survey in this

research will be divided into several parts, where each part has its own purposes. The survey will contain three parts: demographics, awareness of people towards cigarette companies' CSR activities, and people's perspective towards cigarette companies' brand image after doing CSR activities. The survey will contain several types of questions, which are multiple-choice questions and ordinal questions, where the ordinal questions will contain five scales, which are:

**Table 1.**

**Survey Questions' Scale Description**

<b>Description</b>	<b>Scale</b>
Strongly Agree	5
Agree	4
Uncertain	3
Disagree	2
Strongly Disagree	1

**3.2.2 Respondents**

This research will take respondents with a minimum of 200 respondents, where the respondents are randomly chosen among Indonesian people and aged 18 to 60, where it covers 63% of the Indonesian population. This age group should have represented the Indonesian population. The survey will be conducted using Bahasa, as it is the mother language of Indonesian people, which can reduce the chance of misunderstanding when conducting the surveys.

**3.2.3 Analysis**

Statistical analysis will be conducted to analyse the data for the survey since the study requires quantitative research. The analysis will be conducted through SPSS and will use a minimum of 200 respondents, since SPSS requires a minimum of 200 responses for the analysis. Pearson's correlation will be used to determine the degree of relationship between a cigarette company's CSR activities and people's positive perspective towards the cigarette company's brand image. Furthermore, ANOVA will also be used to determine associations between smokers', and non-smokers' status, and their perspective towards the cigarette company's

brand image. Moreover, Cronbach's alpha will also be used to check the reliability of the analysis. Moreover, more analysis will also be conducted, such as multiple regression analysis (including  $r^2$ , t, and f), and crosstab analysis to test whether smokers and non-smokers have the same perception towards Indonesian cigarette companies' brand image or not.

#### 3.2.4 Pilot Testing

After finishing the survey design, pilot testing will be conducted to test and evaluate the survey before it is released to the public. The pilot testing will involve seven Indonesian students, from 18 to 22 years old, and both genders will be equally distributed. The pilot testing will also involve recommendation evaluation given by the pilot testing survey takers to detect errors and improve the survey.

#### 3.3 Interview for Further Analysis

Interviews are also conducted for further analysis. The interviews will be conducted by interviewing three people, where each person is an expert in CSR, and has the knowledge regarding the CSR programs conducted by cigarette companies in Indonesia. The interview questions will consist of questions related to their opinion towards CSR activities which are conducted by cigarette companies in Indonesia and its effect towards the society.

## Chapter 4: Data Analysis

This chapter will contain the analysis of the data which was gotten from the survey. The analysis will consist of various tests, which are validity test, normality, multicollinearity, heteroscedasticity, and multiple regression analysis.

### 4.1 Validity Test

This study uses CFA to show the relationship between variables. The items used in the study are items that have a factor loading value of 0.5. Factor loading is the correlation of question items with the construct being measured. According to Hair et al. (2014): 126, items with a loading factor of 0.3 are considered to meet the minimum level, but it is highly recommended that a factor loading value of 0.4 be used. If the factor loading value of a question item reaches 0.5, then that item is very important in interpreting the construct it measures.

Reliability is related to the accuracy and precision of a measurement procedure (Cooper and Schindler, 2014: 260). The degree to which a measurement is accurate (unbiased) is determined by its reliability, which guarantees consistent measurement throughout time and among the different instrument elements. In other words, the "accuracy" of a measurement is evaluated by its "reliability," which is an indication of the stability and consistency with which the instrument measures the notion (Sekaran and Bougie, 2013: 228). Reliability measurement indicators according to Sekaran and Bougie (2013: 312), which divide the level of reliability into the following criteria:

If alpha or r count,

- a. 0.8-1.0 = Good reliability
- b. 0.6-0.799 = Accepted reliability
- c. Less than 0.6 = Poor reliability.

**Table 2.****Cronbach Alpha Table**

Variabel	Item Questions	Factor Loading	Alpha Cronbach
Corporate Social Responsibility (CSR)	Q3_1	0.654	0.930
	Q3_2	0.709	
	Q3_3	0.683	
	Q3_4	0.714	
	Q3_5	0.667	
	Q4_1	0.851	
	Q4_2	0.646	
	Q4_3	0.805	
	Q5_1	0.806	
	Q5_2	0.816	
	Q5_3	0.846	
	Q5_4	0.736	
	Q5_5	0.758	
	Q6_1	0.726	
	Q6_2	0.746	
	Q6_3	0.630	
	Q6_4	0.638	
	Q6_5	0.673	
	Q6_6	0.629	
Corporate Image	Q7_1	0.892	0.828
	Q7_2	0.552	
	Q7_3	0.860	
	Q9_1	0.507	
	Q9_2	0.681	
	Q9_3	0.648	
	Q10_1	0.623	
	Q10_2	0.774	
	Q10_3	0.671	

The component matrix table shows the magnitude of the correlation of each variable in the formed factors. The magnitude of the factor loading value of all question items is greater than 0.4, which means that all research variables in the questionnaire are valid. Based on the explanation from the table above, it shows that all the measuring instruments for this research variable show a Cronbach Alpha value above 0.8, indicating that the research measuring instruments **have good reliability**.

#### 4.2 Classic Assumption Test

##### a. Normality

A normality test determines whether the independent and dependent variables in a regression model have a normal distribution. The data distribution must be normal or nearly normal for a regression model to be effective. Researchers employed the normality test and the Kolmogorov-Smirnov test in this investigation. The following are the results of the Kolmogorov-Smirnov test, which can be seen as follows:

**Table 3.**  
**Kolmogorov – Smirnov Analysis**

#### One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			274
Normal Parameters <sup>a,b</sup>			
	Mean		.0000000
	Std. Deviation		.46199809
Most Extreme Differences	Extreme Absolute		.044
	Positive		.044
	Negative		-.040
Test Statistic			.044
Asymp. Sig. (2-tailed)			.200 <sup>c,d</sup>



- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

The normality test using the Kolmogrov-Smirnov technique according to table 3 is significant at  $0.200 > 0.05$ . It may be said that this study's regression approach **meets the assumption of normality**.

### b. Multicollinearity Test

The correlation matrix value produced during data processing, along with the VIF (Variance Inflation Factor) and tolerance values, are used to test for the existence or absence of multicollinearity symptoms. The model is considered stable if the VIF value is less than 10 and the tolerance value is more than 0.1. This regression has no multicollinearity issues.

**Table 4.**

### Multicollinearity Analysis

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.426	.193		7.395	.000		
	Customers	.168	.056	.205	3.009	.003	.497	2.012
	Shareholders	.292	.046	.342	6.296	.000	.784	1.275
2	Employees	.388	.178	.161	2.181	.030	.424	2.358
	Society	.272	.053	.364	5.165	.000	.464	2.154

a. Dependent Variable: Corporate Image

Based on table 4, **there is no multicollinearity** in the model because the VIF value is 10 and the tolerance > 0.1.

### c. Heteroscedasticity

The goal of the heteroscedasticity test is to determine if there is an inequality in variance between one observation's residual value and another observation's residual value in the regression model. The anticipated assumption in a linear regression study is that the parameter estimator technique, namely OLS, is BLUE (Best Linear Unbias Estimator) is to have the same or homogeneous residual (error) value, commonly known as Homoscedasticity. The Glejser test was used in this study to determine whether heteroscedasticity exists.

**Table 5.**

### Heteroscedasticity Analysis

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.263	.118		2.230	.027
	Customers	.006	.034	.015	.177	.860
	Shareholders	.002	.028	.004	.058	.954
	Employees2	.063	.109	.054	.576	.565
	Society	-.001	.032	-.004	-.046	.964

a. Dependent Variable: Abs\_Res

In the heteroscedasticity test with the Glejser test, if the value of Sig. (significance) of all explanatory variables is not statistically significant ( $p > 0.05$ ), it can be said that according to table 5, the regression equation model **does not exhibit heteroscedasticity**.

#### d. Autocorrelation

An autocorrelation-free regression is a good regression. Testing using Durbin-Watson, which is used for level one autocorrelation and calls for an intercept (constant) in the regression model and no additional independent variables, can be used to determine if autocorrelation is present or absent in a study.

**Table 6.**

#### Autocorrelation Analysis

##### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.616 <sup>a</sup>	.379	.370	.46542	2.006

a. Predictors: (Constant), Society, Shareholders, Customers, Employees<sup>2</sup>

b. Dependent Variable: Corporate Image

Based on the Durbin-Watson (DW) table, = 5% for N (number of respondents) greater than 200 and k (independent variable) amounting to 4, so the values  $d_l = 1.7279$  and  $d_u = 1.8094$ . According to table 6, it shows that the Durbin Watson value of the regression equation obtained is 2,006, which is between  $4 - d_u$ , so there is **no autocorrelation in the model**.

#### 4.3 Multiple Regression Analysis

The results of the multiple regression analysis are as follows:

**Table 7.**

#### Multiple Regression Analysis

##### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.843	.264		6.989	.000
	Customers	.175	.056	.213	3.146	.002

Shareholders	.285	.046	.334	6.188	.000
Employees2	-.423	.177	-.175	-2.387	.018
Society	.268	.052	.358	5.117	.000
Smoker/Non-Smoker	-.191	.083	-.111	-2.301	.022

a. Dependent Variable: Corporate Image

$$Y = 1.426 + 0.168.X_1 + 0.292.X_2 + 0.388.X_3 + 0.272.X_4 - 0.191.X_5$$

Keterangan:

Y = Corporate Image

X1 = Customers

X2 = Shareholders

X3 = Employees

X4 = Society

X5 = Smokers/Non-Smokers

#### a. Determination Coefficient (R<sup>2</sup>)

To measure the contribution of the independent variable to the dependent variable, it can be seen the magnitude of the coefficient of multiple determination (R<sup>2</sup>). The results are as follows:

**Table 8.**

#### Determination Coefficient (R<sup>2</sup>) Analysis

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.626 <sup>a</sup>	.391	.380	.46175

a. Predictors: (Constant), Smokers/Non-Smokers?, Customers, Shareholders, Society, Employees2

Based on the table 8, the coefficient of determination (Adjusted R<sup>2</sup>) is 0.380, meaning that the influence of the variables X1 = Customers, X2 = Shareholders, X3 = Employees, and X4 = Society and the dummy variable X5 = smokers/non-smokers together on corporate image (Y) is 38.0% while the remaining 68.1% is influenced by other variables outside of this study.

**b. F test (simultaneous effect)**

The results of the analysis of the simultaneous effect of independent variables on the dependent are as follows:

**Table 9.**

**F test (Simultaneous Effect) Analysis**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.726	5	7.345	34.450	.000 <sup>b</sup>
	Residual	57.141	268	.213		
	Total	93.867	273			

a. Dependent Variable: Corporate Image

b. Predictors: (Constant), Smokers/Non-Smokers?, Customers, Shareholders, Society, Employees2

Based on the table 9, it can be seen that **there is an effect** of the variables X1 = Customers, X2 = Shareholders, X3 = Employees, X4 = Society, and the dummy variable X5 = smokers and non-smokers together on corporate image (Y), which is indicated by the value of Sig. = 0.000 or 0.05.

**c. (Partial effect) t test**

The results of the t-test analysis (partial effect) of the independent variable on the dependent variable are as follows:

**Table 10.**

**t test (Patrial Effect) Analysis**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.843	.264		6.989	.000
	Customers	.175	.056	.213	3.146	.002

Shareholders	.285	.046	.334	6.188	.000
Employees2	-.423	.177	-.175	-2.387	.018
Society	.268	.052	.358	5.117	.000
Smoker/Non-Smoker	-.191	.083	-.111	-2.301	.022

a. Dependent Variable: Corporate Image

Table 10 shows that partially the customer variable, with Sig. = 0.002, has a **significant** effect on corporate image because the value of Sig. 0.05 or 5%. The Shareholders variable has a **significant** effect on corporate image because the value of Sig. 0.05 or 5%. The employee variable has a **significant** effect on corporate image because the value of Sig. 0.05 or 5%. The society variable has a **significant** effect on corporate image because the value of Sig. 0.05 or 5%. Based on these results, it can be concluded that in general, the research hypothesis which states **H1: the implementation of cigarette company CSR is positively correlated with the cigarette company's brand image is accepted.**

#### 4.4 Crosstab Analysis

Crosstab analysis was conducted to find out whether there are differences in the level of corporate image among smokers and non-smokers.

**Table 11.**

#### Crosstab Analysis

##### Crosstab

		Corporate Image Level				Total	Asymp. Sig. (2-sided)
		Poor	Fair	Good	Very Good		
Do you smoke?	Yes	Count	0	2	18	17	0.002
	% within Do You Smoking?	0.0%	5.4%	48.6%	45.9%	100.0%	
No	Count	2	32	160	43	237	
	% within Do You Smoking?	0.8%	13.5%	67.5%	18.1%	100.0%	
Total	Count	2	34	178	60	274	
	% within Do You Smoking?	0.7%	12.4%	65.0%	21.9%	100.0%	

Table 11 shows that smokers' respondents (48.6%) have a good perception of the cigarette company's corporate image. The second most are smokers who have a very good perception of the cigarette company's corporate image, as much as 45.9%. Meanwhile, most non-smokers (65.8%) have a good perception of the cigarette company's corporate image. The difference in the level of perception of corporate image between smokers and non-smokers is significant. Asymp. Sig. (2 sided) = 0.002 0.05. Therefore, **H2: Smokers and non-smokers have different point of view towards Indonesian cigarette companies' brand image is rejected**, since there aren't many differences between the point of view of smokers and non-smokers towards the brand image of cigarette companies in Indonesia.

#### 4.5 Interview Analysis

This research is complemented by the results of interviews with several experts in the field of marketing regarding the objectives and impacts of CSR program carried out by tobacco companies and their relationship to their corporate image. The following are excerpts of interviews with research informants regarding the objectives of CSR program for cigarette companies in Indonesia.

Here are excerpts from Laurencia Kirana's interview:

*In my opinion, CSR is an obligation for a company, and this is already stated in the law. However, it is possible that one of the goals of cigarette companies in carrying out CSR is to improve their image as socially responsible companies.*

The following is an excerpt from Evangelina Pranoto's interview:

*improve the brand image. According to Indonesia's national survey, 6 million people work in the cigarette industry, meaning that they depend on the cigarette industry. To return what the company has obtained from the community to the community. The main goal is not a brand image but to return to social media.*

The following is an excerpt from Fauzi Praja's interview:

*I think there is a possibility that this cigarette company can implement CSR program for the sake of greenwashing. Because the cigarette companies produce products that are not*

*environmentally friendly and have a bad impact on human health, it is possible that the CSR program aims to change public opinion towards the cigarette company.*

Based on the interview excerpt above, some marketing practitioners are of the opinion that CSR program is indeed carried out by tobacco companies as a form of their social responsibility to the community without any other purpose. However, some of them state that cigarette companies' CSR programs can be categorized as greenwashing because it has become a common understanding that cigarette products have a negative impact on society.

Here are excerpts from Laurencia Kirana's interview:

*In my opinion, in terms of the company's brand, it is certainly good because they have helped many parties. However, in terms of products, it may not have an effect because, apart from cigarette products that are bad in the eyes of the public, these cigarette companies are not allowed to expose their products when doing CSR program.*

The following is an excerpt from Evangelina Pranoto's interview:

*It has a very good effect on the company's image, getting awards and others, which enhances the company's brand image. However, in terms of products, there is no effect at all, because the name of the product cannot be released, whether in marketing, CSR, etc.*

The following is an excerpt from Fauzi Praja's interview:

*This is what started my problem regarding CSR program in cigarette companies. This can be considered green washing when compared between the product and the CSR program. However, the CSR program can have good results for cigarette companies in the sense that their brand image increases.*

Based on the interview above, the CSR programs run by tobacco companies in general are aimed at improving the company's image, and it can be said to be very effective. The CSR program is not intended to increase sales of cigarette companies directly because at the time of implementing the CSR program, no product names should be mentioned. However, according to one practitioner, the purpose of Indonesian cigarette companies' CSR program is to improve the corporate image of cigarette companies can still be categorized as greenwashing.



## Chapter 5: Discussion & Conclusion

This chapter will discuss about the findings of the data analysis with the hypothesis, whether the hypothesis is accepted or not. It will also consist of recommendation for cigarette industry, future research, and also the limitation of the research.

### 5.1 Discussion & Conclusion

The law states that companies with the status of a company are obliged to carry out social and environmental responsibilities. In the Limited Liability Company Law, it is stated in Paragraph 1 Article 74 that it reads: "Companies that carry out their business activities in the field and/or related to natural resources are required to conduct social and environmental responsibilities program." This is one of the representations of a company's CSR activities. The sentence in the law is only one of the many definitions of CSR.

In general, the research hypothesis which states H1: **the implementation of Indonesian cigarette company's CSR program does positively influence Indonesia cigarette company's brand image is accepted.** This is reinforced by the results of interviews, which show that CSR carried out by tobacco companies in general is aimed at improving the company's image, and it can be said to be very effective. The CSR program is not intended to increase sales of cigarette companies directly because at the time of implementing the CSR program, no product names should be mentioned.

The findings are quantitatively strengthened by the results of interviews, which show that the CSR programs run by tobacco companies in general are aimed at improving the company's image, and they can be said to be very effective. The findings of this study support the research of Siahaya & Smits (2021), which shows that the cigarette company in Indonesia, Djarum, has succeeded in establishing a new positive identity as a sports brand that produces health and happiness (Siahaya & Smits, 2021).

The CSR program is not intended to increase sales of cigarette companies directly because at the time of implementing the CSR program, no product names should be mentioned. This isn't aligned from the theory published by Stroup & Newbert, where CSR in short, becomes the motto for large companies, which start CSR initiatives and use marketing tools to make their initiatives relevant to the stakeholders by influencing their decisions (Stroup and Newbert,

1987), since cigarette product can't be published when Indonesian cigarette companies want to do CSR.

The results showed that there was no significant difference in the level of perception of corporate image between smokers and non-smokers. Most of the non-smoker respondents (65.8%) have a good perception of the cigarette company's corporate image. This indicates that the cigarette company's corporate image is considered good by most of the smoking respondents because they indirectly associate the cigarette company's corporate image with the products they consume. Meanwhile, for non-smokers, the largest percentage stated that the corporate image of cigarette companies in Indonesia was good, meaning that **H2: Smokers and non-smokers have different point of view towards Indonesian cigarette companies' brand image is rejected**, since there aren't many differences between the point of view of smokers and non-smokers towards the brand image of cigarette companies in Indonesia.

With plenty of resources, PT. HM Sampoerna provides social activities that are done for the good of the community. In order to compete with PT. HM Sampoerna, PT. Djarum Indonesia provides a variety of community projects., including Djarum Bakti Pendidikan, Djarum Bakti Environment, and Djarum Bakti Sports. The form of Djarum Bakti Pendidikan and Djarum Bakti Sport is the provision of scholarships to students who excel but are students who are economically disadvantaged or students who excel both in academics and sports (especially badminton).

In several cigarette advertisements on television, cigarette advertisements touch the side of social awareness. The provision of educational scholarships for underprivileged communities is dramatically increased, so that cigarette advertisements are not only creative enough to attract consumers without attaching their products on their advertisement, but also able to touch human solidarity. After PT. HM Sampoerna, with the jargon "Sampoerna for Indonesia", has shown a lot of their contribution to the intellectual development of the nation, recently PT Djarum presented the same thing. Although some people know that the "Sampoerna for Indonesia" activity is managed by the Sampoerna Foundation, which is managerially separate and independent from PT HM Sampoerna, everyone understands that the publication has a causal relationship with Sampoerna's cigarette products. The same applies to the Djarum Scholarship or Djarum Badminton Training.

The CSR program of Indonesian cigarette companies to improve the corporate image of cigarette companies can still be categorized as greenwashing because it covers the bad image that arises because of the health impact of cigarette products. This statement aligned with the article published by Akurat news, that instead of creating a system to manage their product waste, the tobacco industry has invested in greenwashing to divert people's attention from the environmental losses that they cause (Akuratnews, 2022). However, according to other practitioners, cigarette companies' CSR is purely a form of concern for cigarette companies' environment and society at large.

The idea of cigarette companies commit greenwashing is not popular among Indonesian people. According to the data gathered from the research, almost all respondents think that cigarette companies in Indonesia are still socially responsible, not only towards the society, but also to other stakeholders, such as consumers, employees, and even shareholders. Only some parties, which mostly are sustainability practitioners, who realized about this matter. It can be possible that in the future, this opinion can become more popular among people, and public will start to realize that cigarette companies in Indonesia are committing greenwashing, which can lead these cigarette companies to truly manage the damages which they created through CSR programs, and not only as a tool to distract people from the damages which they created.

Cultural aspect plays an important role in creating opinion that cigarette companies in Indonesia are socially responsible companies. For example, one of the cultures which play an important role on why lots of Indonesian people are smoking, is because Indonesian people think that smokers are respectable people. It is said that cigarettes became a symbol of respect for the organizers of the feast to guests, students to the *kiai*, to the habit of 'gifts' of cigarettes for meeting participants at Bina Graha in the era of President Soeharto (Ferdian, 2017). Lots of respectable people in Indonesia are smoking, including President Soekarno. These kind of cultures create point of view, where Indonesian people don't see smoking as a bad behaviour anymore, which lead to a perspective where cigarette companies in Indonesia are not companies which are harmful to societies, environments, etc.

## 5.2 Recommendations for Indonesian Cigarette Industry

According to the research, CSR which is done by Indonesian cigarette companies have positive impacts on its brand image, since public sees these activities as activities which are beneficial for them. Therefore, Indonesian Cigarette Companies should continue in doing CSR. Not only

because it's obliged by the government, but it can also increase the brand image of these companies.

However, some parties, which mostly are sustainability practitioners who opposed cigarette industry in Indonesia, realized that the CSR activities conducted by Indonesian cigarette companies is divert people's attention from the environmental losses that they cause. For example, Indonesia is the second largest country which donate cigarette waste in the world, and none of these cigarette companies in Indonesia do CSR activities to reduce cigarette waste. Therefore, Indonesian Cigarette Companies can also start to broaden its CSR activities, which is caused by its operations, such as reducing the number of wastes produced by its operations.

### 5.3. Recommendations for future research

According to one of the experts, which is interviewed for this research, the topic of CSR conducted by Indonesian cigarette companies in Indonesia and its effect for these companies' corporate image is still a hot topic, where many people are still ambiguous about it. Hence, it's expected that there will be more research related to this topic.

As a recommendation for future research, conducting interviews before doing survey will be good to find some attributes which are important for the survey. In this research, interview is only used for further analysis, to get point of views from experts regarding Indonesian cigarette companies' CSR activities, and its effect on their brand image. Moreover, more research related to demography of the respondents can be added, such as using age and education as a demography variable, since for example, each person with different age and education level can have different points of view.

### 5.4 Research Limitation

The limitation of this survey is the sample for the survey is not balanced. For example, most of the survey takers are 18 to 30 years old, where it doesn't really represent the general point of view of Indonesian people, since different generations can have different point of view. Furthermore, due to the lack of contact between the respondents and the researcher, and it may cause some lack of understanding when answering the surveys for the participants. It can lead to a mis-accurate answer given by the respondents, due to their lack of understanding towards the survey. Important to note that CSR program is not the only instrument to improve a company's brand image

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# Appendices

## Appendix 1 (Survey Questions)

Table 12.

### INSTRUMENT FOR CSR PROGRAMS MEASUREMENT

• Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>Customers</b>					
Indonesian Cigarette Companies establish procedures for responding to consumer concerns					
Indonesian Cigarette Companies treat their clients fairly					
Indonesian Cigarette Companies provide customers with thorough product information					
Indonesian Cigarette Companies use customer satisfaction as a benchmark for marketing improvement.					
Indonesian Cigarette Companies attempt to understand the demands of the consumer					
<b>Shareholders</b>					
Indonesian Cigarette Companies always attempt to maximize their earnings					
Indonesian Cigarette Companies maintain a tight rein on the expenditures.					
Indonesian Cigarette Companies try to assure its long-term prosperity and survival					
<b>Employees</b>					
Indonesian Cigarette Companies pay its employees a fair salary					
Indonesian Cigarette Companies safeguard the employees' safety at work					
Indonesian Cigarette Companies provide fair treatment for its workers (without discrimination or abuses)					
Indonesian Cigarette Companies give its staff training and development possibilities					
Indonesian Cigarette Companies creating a comfortable and safe					

workplace (e.g. flexible hours, conciliation)					
<b>Society</b>					
Indonesian Cigarette Companies contribute to solve social problem					
Indonesian Cigarette Companies spends some of its budget on charitable contributions and community initiatives					
Indonesian Cigarette Companies donate money to charitable and humanitarian causes (e.g. music, sports)					
Indonesian Cigarette Companies play a part in society that goes beyond just generating income					
Indonesian Cigarette Companies are dedicated to enhancing society's overall well-being					
Indonesian Cigarette Companies concern themselves with preserving and maintaining the environment					

**Table 13.**

**INSTRUMENT FOR BRAND IMAGE MEASUREMENT**

<b>Statements</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
<b>Corporate image</b>					
Indonesian Cigarette Companies are well-known among the society					
Indonesian Cigarette Companies have good credibility in the eye of public					
Indonesian Cigarette Companies have high popularity in the eye of public					
<b>User image</b>					
Indonesian Cigarette Companies have their products segmented according to its consumers' lifestyle					
Indonesian Cigarette Companies have products that depict their consumers					
The personality of consumers of Indonesian Cigarette Companies can be seen through the products which they consume					
<b>Product image</b>					
Indonesian Cigarette Companies have products characteristics which are different from one another					

Indonesian Cigarette Company provide product which give benefits which is align with what their consumers want					
Indonesian Cigarette Company produce interesting packaging for its product to attract consumers					

## Appendix 2 (Interview Questions)

### CSR Implementation

1. In your opinion, what is the purpose of the Cigarette Company's CSR program?
2. What are the CSR programs that have been/are being implemented by the Tobacco Company according to your knowledge?
3. How is the implementation of the Cigarette Company's CSR programs according to your knowledge?
4. What strategies are used in the implementation of the Cigarette Company's CSR according to your knowledge?
5. What are the principles used in the implementation of Cigarette Company CSR according to your knowledge?
6. What are the categories of programs that are included in the Cigarette Company's CSR activities according to your knowledge?

### Evaluation

- 1 Is there any support from top management or leaders in the implementation of CSR of cigarette companies according to your knowledge?
- 2 What is the role of leadership in the implementation of Cigarette Company CSR according to your knowledge?
- 3 Is there a report on the CSR activities of the Cigarette Company according to your knowledge?
- 4 Have the CSR programs been properly targeted according to the needs of the community according to your knowledge?
- 7 How is the community's response to the CSR programs that have been implemented according to your knowledge?
- 8 Who is the scope of CSR activities according to your knowledge?
- 11 How is the involvement of stakeholders (community) in Cigarette Company CSR activities according to your knowledge?
- 12 How is the sustainability of CSR programs that have been/is being implemented according to your knowledge?

13 What are the results achieved in the CSR programs implemented by the Tobacco Company according to your knowledge?

14 What is the impact of CSR activities carried out on the company's brand image according to your knowledge?

### **Appendix 3 (Raw Data of Survey Result)**

Attached below is the link for a spread sheet containing raw data of the survey result. Since the survey is conducted in Bahasa, below is the brief translation on what you will find in the spread sheet. The English version of the survey questions are already attached on Appendix 1, and the order of the questions are already in order.

Link:

[https://docs.google.com/spreadsheets/d/1mPIHX79UKdrBjzyoM6nvY3\\_EL3ZZ3w1zUJf9QGzeY/edit?usp=sharing](https://docs.google.com/spreadsheets/d/1mPIHX79UKdrBjzyoM6nvY3_EL3ZZ3w1zUJf9QGzeY/edit?usp=sharing)

**Table 14.**

#### **Brief Translation of Survey Data**

<b>Bahasa</b>	<b>English</b>
Sangat Setuju	Strongly Agree
Setuju	Agree
Netral	Neutral
Tidak Setuju	Disagree
Sangat Tidak Setuju	Strongly Disagree
Jenis Kelamin	Gender
Laki-Laki	Male
Perempuan	Female
Umur	Age
Pendidikan Terakhir	Last Education
SD	Elementary School
SMP	Junior High School
SMA	High School
S1	Bachelor
S2	Master
S3	Doctoral
Apakah anda merokok?	Do you smoke?
Ya	Yes
Tidak	No

