

## **Study of *Pertashop & BBM Satu Harga* in Parigi Baru Village on Pertamina's Reputation Measured by Customer-Based Brand Equity**

**Elang Rimba Dewata<sup>1</sup>, Farida Hariyati<sup>2</sup>, Shahrina Md Nordin<sup>3</sup>**

<sup>1,2</sup>Universitas Muhammadiyah Prof. DR. HAMKA, Indonesia

<sup>3</sup>Universiti Teknologi Petronas, Malaysia

Email: elang.rd1@gmail.com

Diterima : 12 Desember 2021

Disetujui : 25 Januari 2022

Diterbitkan: 12 Februari 2022

### **Abstrak**

*Reputasi bukan hanya tentang manajemen perusahaan, produk, dan nilainya. Tetapi juga mencakup proses bagaimana mendapatkan reputasi yang baik dari persepsi pemangku kepentingan. Salah satunya melalui program Tanggung Jawab Sosial Perusahaan (CSR). Tujuan penelitian ini mencoba mencari dan menjelaskan pengaruh signifikan persepsi masyarakat tentang program tanggung jawab sosial perusahaan oleh Pertamina terhadap reputasi perusahaan yang diukur dengan ekuitas merek berbasis kustomer (CBBE). Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei. Teori yang mendasari penelitian ini adalah stakeholder theory dengan konsep ekuitas merek berbasis konsumen. Hasil dari penelitian ini menunjukkan signifikansi persepsi masyarakat lokal tentang citra perusahaan dan program CSR sangat tinggi (99,40%) pada masyarakat lokal CBBE sebagai ukuran reputasi perusahaan. Hasil ini menunjukkan bahwa program CSR sangat berperan sebagai penentu reputasi perusahaan dalam persepsi masyarakat lokal. Peningkatan program CSR, personel CSR, eksekutif CSR sangat mempengaruhi citra perusahaan dan membangun CBBE dan reputasi perusahaan yang lebih baik.*

**Kata Kunci:** CBBE, CSR, Pertamina, Reputasi

### **Abstract**

*Reputation is not only about corporate management, product, and their value. But it also includes the process of how to get a good reputation from the stakeholder perception. One of the ways is through Corporate Social Responsibility (CSR) Programs. This research objective tries to find and explain the significant effect of the public's perception about CSR programs by Pertamina on corporate reputation measured by Customer-Based Brand Equity (CBBE). This research uses a quantitative approach with survey methods. The theory that underlies this research is stakeholder theory with the concept of Customer-Based brand equity. The result of this research shows the significant effect of local communities' perception about corporate image and CSR programs is very high (99,40%) on local communities CBBE as the measurement of corporate reputation. These results indicate that the CSR program plays a vital role in determining the company's reputation in the local community's perception. Improving the CSR programs, CSR personnel, CSR executives are very affecting the corporate image and building a better CBBE and corporate reputation.*

**Keywords:** CBBE, CSR, Pertamina, Reputation

## INTRODUCTION

Reputation is one of the important things that must be corporate attention. Corporate reputation is concerned with the overall estimation in which an organization is held (Roper & Fill, 2012, p. 6). Reputation isn't just about its management, products, and value. However, it also includes the process of building a reputation from stakeholder awareness. Reputation indicates the value or value of a company. Awareness, association, loyalty, perceived quality, and reputation reflect consumer tendencies towards brands and businesses, whether positive or negative. Everything depends primarily on consumer perception (Bianchi, Bruno, & Sarabia-Sanchez, 2019, p.206-221). Therefore, a reputation is perception from different people with different judgments, not unanimously, but in general including social, financial, product image, recruitment, and many more (Roper & Fill, 2012, p. 5). Employee attitudes and behaviours can influence the corporate brand and reputation. A visible corporate brand is usually a brand that employees clearly understand and share the company's vision, mission, and values. The common values shared by all stakeholders help with the corporate brand by integrating and strengthening it (Winzar, Baumann, & Chu, 2018, p. 637-660).

The reputation of a company is not assessed by the company itself, but by external parties that can affect a company's reputation, such as Customers, Shareholders, Society, Government, and even other companies. They can all be called by stakeholders. The stakeholder concept was introduced in the 1963 Stanford Research Institute memorandum, which refers to "a group that does not exist without the organization's support." Since then, the definition has evolved and is increasingly moving to a more positive and powerful relationship between stakeholders and businesses (Pedrini & Ferri, 2019, p. 44-59). It means stakeholder is groups that support organization. The stakeholder approach model of Mitchell et al. (1997), emerges as an unrealized potential holder for understanding how an organization can manage multiple relationships, paying attention to stakeholder statements deemed critical to the organization's success (Farmaki, 2019, p. 2297-2320). In general, the model assesses stakeholder prominence based on three attributes. Force refers to one stakeholder's ability to influence another stakeholder's behaviors, the justification to indicate the extent to which a stakeholder's claim is perceived to be socially acceptable, and urgency to indicate the extent to which a stakeholder's claim requires immediate action. The stakeholders are real potential customers, so they are the target of corporate branding efforts to enhance the corporate image in terms of brand equity for a product (Heinberg, Ozkaya, & Taube, 2018, p. 259-268).

In building a good reputation from the stakeholder's perception, there are many ways that companies can use. One of them is through the Corporate Social Responsibility (CSR) programs. The beginning of CSR concept starts in the 1920s but failed to become a concerning topic amongst the business leaders due to World War II and Great Depression (Hasan & Yun, 2017, p. 80). CSR has recently become a concern of various groups (Audina & Aruman, 2021, p. 242-253). The CSR programs allow for a company to have direct interaction with society. The role of CSR and the contribution of companies to society is undoubtedly important (Wang, Liao, Wu, & Le, 2021, p. 1-19). This is because the CSR program not only increases productivity for companies but also enables customers to build memorable brands. Its quality and value lead to consumer sentiment, retail, and ultimately a reputation built by the community. Doing CSR Programs can improve a company's reputation. The link of social

obligations enhances the customer's understanding of social obligations and has a positive impact on the reputation of the company (Kim, 2019, p. 1143-1159). Corporations in most countries often have the option of making reports on their performance in terms of social and environmental issues, but these reports are largely voluntary (Muniz, Guzmán, Paswan, & Crawford, 2019, p. 864-879). The development of CSR is not only mandatory but is the latest way that can be used as more benefits for the company's hopes and achievements in the future. The company's concern for CSR is the primary function in advancing the environment in the company's area so that its growth goes hand in hand with the company's progress (Ningrum & Roosinda, 2020, p. 194-208).

Through the CSR Programs, a corporate can build its brand and reputation and it is influencing corporate reputation. A brand is a manufacturer's way of adding value and giving a product or service a personality that sets it apart from others (Roper & Fill, 2012, p.108). A strong brand with a positive reputation must generate trust among its stakeholders. Trustworthy brands often have more opportunities to diversify into other unrelated areas than untrustworthy brands. Brands also offer their company many valuable features (Keller, Parameswaran, & Jacob, 2015, p. 6-7). However, one of the main indicators that determine the strength of a product brand is product brand equity. Companies target key stakeholders through targeted image-building efforts such as advertising and PR campaigns to create a positive corporate image through their brand equity. The development of CSR is mandatory and is the latest way to be used as more benefits for the company's hopes and achievements in the future. The company's concern for CSR is the primary function in advancing the environment in the company's area so that its growth goes hand in hand with the company's progress (Ningrum & Roosinda, 2020, p. 194-208).

Brand equity can built through customer perception and this concept is known as Customer-Based Brand Equity (CBBE). CBBE is a different effect of brand knowledge on consumer reaction to the marketing of that brand. Brand equity is not the end goal, this value needs to be translated into benefits for businesses, for example in terms of consumer behavior. When a consumer reacts positively to a product and its marketing method and the brand identified as if it weren't, the brand has brand equity associated with the customer (Keller, Parameswaran, & Jacob, 2015. p. 43). It means, the CBBE concept is a memorable brand for consumers, whose effectiveness and value reflect in three levels: customer mindset, product market outcomes, and ultimately the company's market value. The basic premise of the CBBE concept is that brand strength lies in what customers know, feel, see, and hear about the brand over time and through experience.

Relate the reputation, and several previous studies show how CSR programs can influence stakeholders in assessing the company's reputation through the brand equity they get or based on the CBBE concept and become guidance in this study. First is a similar study by Muniz, Guzman, Pawan, and Crawford in 2021 investigating the direct effects of brand CSR communication on brand awareness, perceived quality, and loyalty, to provide a deeper understanding of how each dimension affects overall changes in equity. This study explores the different direct effects of changes in brand awareness, perceived brand quality, and brand loyalty, following exposure to CSR messages, on the overall direct changes in the value that consumers attach to a brand (Muniz, Guzmán, Paswan, & Crawford, 2019, p. 864-879). This

study has examined the role of brands' causes, and The impact of this difference on the cultural, economic, and political sectors. Change the integrity of the functions based on the CSR program is an essential factor that can directly change the overall process of brand value. Furthermore, changes in brand awareness have an inverse U-shaped relationship with changes in overall brand value, while changes in perceived brand quality have no effect. Finally, this result shows that this immediate effect persists regardless of the level of brand compliance but is more excellent in countries where corporate participation is expected, CSR reporting is not required, and practices considered.

The next previous study by Hasan and Yun in 2017 attempted to understand the relationship between CSR and corporate reputation. They used secondary sources to systematically review the past literature on CSR and corporate reputation, without excluding dates, and how the literature explains the relationship between CSR and corporate reputation (Hasan & Yun, 2017, p. 80). A total of five selected articles, mainly from Science Direct, covering the period 2012-2017, confirm that this research topic is relatively new and lacking in value, it is worth mentioning that this type of research is timely and readily available. The study found that corporate reputation is one of the most important drivers of CSR. The stakeholder theories, signals, and resources used better to understand the relationship between CSR and corporate reputation. This study identifies the behavioral consequences of different stakeholder groups. The company's reputation proves its credibility in all market transactions. Good business reputation increases loyalty and the commitment to build a positive reputation later.

Based on the background research above, the authors study the effect of CSR Programs on Corporate Reputation measured by CBBE. The corporate that was selected for this study is Pertamina. Pertamina is a state-owned company (BUMN) that handles the oil and gas industry in Indonesia. In Indonesia, CSR programs are currently mandatory for PT Companies including state-owned companies (BUMN). Based on UU No.19 in 2003 about state-owned companies, State-owned enterprises generally aim to contribute to the development of the national economy, and, to contribute to government revenues for profit. Many people are engaged in innovative business practices not practiced by the private sector and cooperatives are actively engaged in providing advice and support to entrepreneurs in poor groups, cooperatives, and communities (Presiden RI, 2003). Not only that, but the law also that controls the oil and gas industry is the law of the Republic of Indonesia No.4/2009 on Coal Mining and Mining stipulated that the number of resources should improved for the welfare of the people by Section 33 of the 1945 Constitution (Azzahrah, Sakinah, Prayudya, & Yudyantoro, 2019, p. 308-334). Based on Pertamina's vision, mission, and 6C value system (Clean, Competitive, Confident, Customer Focus, Commercial and Capable), one of their actions for solving every problem is the CSR Programs.

One of their problems in Indonesia is the different prices and some areas; Pertamina explains their *BBM Satu Harga* programs and some areas (incredibly remote areas). It is still challenging to find Pertamina fuel & gas stations, and some places do not have proper access to reach PERTAMINA primary fuel & gas stations. These problems are Pertamina's responsibility to provide fuel and gas to every part of the country with the same prices as regular petrol stations (Pertamina, 2021). Until 2021, based on the data displayed by Pertamina

on its website, the price of fuel in each region in Indonesia still has slight differences (Pertamina, 2021). It happens not only in remote areas, even in suburban areas like Parigi Baru Village, in South Tangerang City, Banten Province. Parigi Baru Village is a suburban area, with a central business district beside the village. In this village, the Pertamina's fuel station is far enough and will take about 20 - 25 minutes to go there, the distance is about 3 – 4 km from the village to the Pertamina's fuel station.

Parigi Baru Village is an expansion area of Parigi Village, and it is divided into two areas, Parigi Baru Village and Parigi Lama Village. Based on the BPS Database, the total area of Parigi Baru Village is 147,19 km<sup>2</sup>. The majority in this village has been built as a business district rather than a residential building. But there is only one Pertamina's main fuel station at first and it's outside the village and it's far enough for the local communities to get there. Not only about times and distance, but the infrastructure access in Parigi Baru Village is also not fully well developed. The local communities are difficult to use, feel, perceive the quality, and be loyal to Pertamina's products and prefer to choose the competitor's products.

It is a challenge for Pertamina in building a strong brand. The challenge is to ensure that consumers have the right type of events, products & services, and their marketing plans so that the thoughts, feelings, images, beliefs, visions, and events they desire are aligned with the brand goals (Keller, Parameswaran, & Jacob, 2015.p. 43). When the local communities of Parigi Baru Village are slightly hard to find Pertamina's products, and easily find and use the competitor's products, it will affect the CBBE, and the competitor brand is will be stronger than Pertamina's brand. Brands are considered the most important asset for any company as they motivate purchasing decisions and show product differentiation (Tran, Nguyen, Do, & Nguyen, 2020, p. 2053-2062). Local communities' perceptions refer to how a person perceives and evaluates something. Sensory experiences, including sight, hearing, smell, touch, and taste, are the basis for observation. There is no objective reality, each person has a different idea on the interpreting of reality (Bennett, 2016, p. 582-592).

For solving this problem, and build a good reputation from local communities' perception, Pertamina's do the CSR & Sustainability Programs called by "Pertashop & *BBM Satu Harga*" in Parigi Baru Village. Therefore, they may engage and involve the community in CSR activities to minimize negative judgments and loss of credibility rather than focusing only on social responsibility without involving the community (Jang, Ko, Chung, & Woo, 2019, p. 1310-1323). Pertashop in Parigi Baru Village was built in June 2021. Pertashop is a retail distributor of Pertamina that is specially prepared to meet the needs of remote consumers, such as unsubsidized fuels and unsubsidized Pertamina products that Pertamina distributors cannot provide to remote areas. Pertashop offers eco-friendly fuels such as the Pertamax series at the same price as regular gas stations. Pertashop outlets provide easy access to the community and meet vehicle fuel needs without having to drive far to the service station. Through *BBM Satu Harga*, Pertamina distributes energy to remote areas of Indonesia in addition to Pertashop. The goal is that distributed energy can boost the community's economy. This Pertashop is one of Pertamina CSR programs. CSR is recognized as a program that can be attracting and maintaining performance and strengthen an organization's reputation (Özcan & Elçi, 2020, p. 1-13). Then through "*BBM Satu Harga*", Pertamina has set up an official

distribution agency to supply energy such as fuel and LPG at government-controlled prices, or the same prices as elsewhere in Indonesia (Pertamina, 2021).

This study objective tries to find and explain the significant effect of the public's perception about CSR programs by Pertamina on corporate reputation measured by CBBE. The Pertashop in Parigi Baru Village was operated since June 2021, and it was 6 months since the Pertashop was operated, it should be giving an impact or effect on the local communities in Parigi Baru Village. The total of local communities out there is 1.738 based on the Head Office of Parigi Baru Village data. Based on that purpose, the study proposed the following hypotheses:

H<sub>0</sub>: There is no significant effect of the local communities' perceived CSR programs on corporate reputation measured by Customer-Based Brand Equity.

H<sub>a</sub>: There is a significant effect of the local communities' perceived CSR programs on corporate reputation measured by Customer-Based Brand Equity.

## **METHODOLOGY**

This research used a quantitative approach with survey methods. Quantitative research is a technique to test the theory used objectively by testing the relationship between variables used in research. Numbered data can be analyzed by statistical procedures because variables are measured and usually measured on an instrument (Creswell, 2013, p. 62). The population of this research is local communities of Parigi Baru Village in South Tangerang City, Indonesia. The total population is 1,738 People based on the newest data from the Head Office of Parigi Baru Village in June 2021. This study was designed to find and describe the significant effect of the local communities' perceived CSR programs on corporate reputation measured by Customer-based Brand Equity. The instrument in this study is using a questionnaire with a total of 52 items divided into 4 parts. 5 Demographic items (consist: Sex, Age, Latest Education, Annual Income, CSR Involvement), 16 Perceptions about Corporate image through CSR Program items that were divided into 4 sub-parts (consist: Perception about the corporate image, perception about CSR programs, perception about CSR personnel, and perception about CSR Executive), 27 Corporate Reputation through CBBE items that were divided into 5 sub-parts (consist: Brand Awareness, Perceived Quality, Brand Association, Brand Loyalty, The Whole of Brand Equity), 4 items for CSR Knowledge and Communication Channel. According to Aaker (1996), brand equity can be measured in four dimensions: brand awareness, brand loyalty, perceived quality, and brand associations (Zahari, Esa, Rajadurai, Azizan, & Tamyaz, 2020, p. 271-280).

This research was used random sampling techniques. Random sampling is a quantitative research procedure for selecting participants. That is, everyone has an equal chance of being selected from the population so that the sample is representative of the population (Creswell, 2013, p.266). The sample is chosen at random, intended to be an unbiased representation of the total population. With a sufficiently large sample size, simple random sampling has high external validity because it represents the characteristics of a larger population. The sample in this study was calculated with the Slovin formula, with a 5% degree of confidence and the result is 325 respondents. Then, the sample characteristics are explained by this table:

**Table 1. Sample Characteristic**

<b>Sex</b>		
<b>Sex</b>	<b>Frequency</b>	<b>Percent</b>
Male	157	48.30%
Female	168	51.70%
<b>Total</b>	<b>325</b>	<b>100.00%</b>
<b>Age Categories</b>		
<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
< 20 Years old	6	1.85%
20 – 30 Years old	30	9.20%
31 – 40 Years old	25	7.70%
41 – 50 Years old	219	67.40%
51 – 60 Years old	45	13.85%
<b>Total</b>	<b>325</b>	<b>100.00%</b>
<b>Latest Education</b>		
Junior High School	89	27.40%
Senior High School	188	57.80%
Diploma's Degrees	26	8.00%
Bachelor's degrees	22	6.80%
<b>Total</b>	<b>325</b>	<b>100.00%</b>
<b>Program Involvement</b>		
Get involved	7	2.20%
Did not involved	318	97.80%
<b>Total</b>	<b>325</b>	<b>100.00%</b>
<b>Income</b>		
No Income	52	16.00%
< Rp 1,000,000	83	25.50%
Rp 1,000,000 – Rp 3,000,000	163	50.20%
Rp. 3,000,000 – Rp 6,000,000	23	7.10%
Rp. 6,000,000 – Rp 10,000,000	4	1.20%
<b>Total</b>	<b>325</b>	<b>100.00%</b>

Source: Questionnaire about Sample Characteristic, 2021

The data revealed that most respondents (51.70%) were female. The majority of the respondent's age category was 41 – 50 Years old (67.40%). Most of the respondents graduated from Senior High School (57.80%). Most of the local communities got an income of about Rp 1,000,000 – Rp 3,000,000 (50.20%) and the fact is, most of the respondent's income was still under the regional minimum wage (Rp. 4.280.214) with a total of 298 people.

Data were processed with Descriptive, Reliability, and Regression tests using SPSS Application 20<sup>th</sup> Version. Data processing and analysis is a way to inform readers of the statistical analysis used during the experiment. The data from the pre-test and post-test stages of the experimental design were analyzed and descriptive statistics calculated. These statistics

are mean, standard deviation, range, and reliability are whether the score of the item on the instrument is internally consistent and stable over time (correlation between test and retest) and whether the test management and scoring were consistent (Creswell, 2013, p. 386-391). All measurements in this study used the Likert-type scales, ranging from 1 (strongly disagree) to 5 (strongly agree) and descriptive statistics show the mean score and standard deviation score. The measurement of agreement based on the mean score is:

**Table 2. Measurement of Mean Score Descriptive**

Mean Score	Description
1.00 < x < 1.99	Strongly Disagree
2.00 < x < 2.99	Disagree
3.00 < x < 3.99	Neutral
4.00 < x < 4.99	Agree
5.00	Strongly Agree

Source: Data Analysed by Likert Scale, 2021

Reliability tests are sequential when repeating or comparing scores across studies. As a measure of reliability, test and retest reliability are usually seen as stronger evidence than internal consistency (Pluck, Amraoui, & Fornell-Villalobos, 2021, p. 158-164). The frequent use of the word "measure" stems from the origin of the term in quantitative research and its reliance on concepts when using highly structured tools such as scales and standardized tests performed in many different contexts. For the reliability test, the measurement scale is:

**Table 3. Reliability Measurement**

Cronbach Alpha	Description
0.80 – 1.00	Very Reliable
>0.60 – 0.80	Reliable
>0.40 – 0.60	Quite Reliable
>0.20 – 0.40	Rather Reliable
0.00 – 0.20	Less Reliable

Source: Ahdika, (2017).

In this study, the variables got divided into 2, the first is local communities' perception of the CSR programs as the independent variable, and the local communities' CBBE as corporate reputation measurement as the dependent variable.

## FINDINGS & DISCUSSION

The findings and discussion began with findings of the local community's perception of Pertamina's CSR Program and continue with the perception of CBBE as a measure of Pertamina's reputation. Continue with a simple linear regression test to show the significant effect result of the CSR program on public perceptions of Pertamina's reputation through CBBE.

**Local Communities Perception about the CSR Programs (Image\_CSR Variables)**

The result of the “Pertashop & *BBM Satu Harga*” Programs to local communities’ perceptions will be explained with the table below this:

**Table 4. Local Communities’ Perception about the CSR Programs**

Local Communities Perception	Mean	Std. Deviation
Perception to Pertamina’s Image	3.09	.90272
Perception to CSR Programs	3.10	.89340
Perception to CSR Personnel	3.08	.89754
Perception to CSR Executive	3.02	.85017
<b>Average Mean</b>	<b>3.07</b>	

Source: Data Processed in SPSS V.20 based on Questionnaire Result’s, 2021

Based on the result and measurement in table 2, the average mean (3.07 of 5.00) shows that local communities’ perception is neutral to the Pertamina’s reputation and CSR Programs, “Pertashop & *BBM Satu Harga*”. One of the many goals of CSR programs is to build corporate reputation and show the corporation’s image to the public. Based on the average mean, it means Pertamina should improve its image and CSR programs.

The perception of the local community’s influenced by corporate activities and is also the other way around. Between local communities and corporate reputation are influencing each other. Service providers with excellent reputations look forward to attracting potential customers (Park, 2019, p. 215-221). Based on Aaker (1991), One aspect of brand equity is the brand image driven by a relatively large number of determinants. The literature on brand equity shows that brand image, social image, and position in the market, determine brand image (Mourad, Meshreki, & Sarofim, 2020, p. 209-231). It means Pertamina must improve its image and CSR programs to get better results especially in Parigi Baru Village, Indonesia. The author used this result as an independent variable entitled “IMAGE\_CSR” in the regression test.

**Table 5. Reliability Test of Local Communities’ Perception about through the CSR Programs**

Perception of the CSR Programs	Number of Items	Cronbach Alpha
Perception to Pertamina’s Image	4	0.915
Perception to CSR Programs	5	0.927
Perception to CSR Personnel	4	0.909
Perception to CSR Executive	3	0.891

Source: Data Processed in SPSS V.20 based on Questionnaire Result’s, 2021

Based on the measurement in table 3 in the previous chapter, the Cronbach alpha’s score for all subjects in local communities’ perception of the CSR Programs is > 0.800. It

means the local communities' perception of the CSR programs variable is very reliable to test. The variable is consistent when repeating or comparing assessments within a study.

### Local Communities Costumer-Based Brand Equity as Corporate Reputation Measurement

The local communities' perception of corporate reputation can measure through CBBE. CBBE is the best option to measure the corporate reputation from local communities of Parigi Baru Village ✓perception because Pertamina built the Pertashop there to make local communities easier in finding their products and can know, use, and feel the products.

**Table 6. Local Communities' Perception of Corporate Reputation through the CBBE**

Local Communities' CBBE	Mean	Std. Deviation
Brand Awareness	3.09	.88367
Perceived Quality	3.09	.91548
Brand Association	3.08	.90855
Brand Loyalty	3.08	.89091
The Whole of Brand Equity	3.07	.83971
<b>Average Mean</b>	<b>3.08</b>	

Source: Data Processed in SPSS V.20 based on Questionnaire Result's, 2021

Based on the result and the measurement in table 2, the average mean (3.08 of 5.00) means the local communities' perception of brand equity is neutral. CBBE is based on the result of the CSR programs. How the perception of local communities of the CSR programs will affect the CBBE. This result means Pertamina needs to improve all the Customer-Based brand equity through the CSR programs for a better reputation. However, CSR can only influence the positive stakeholder reputation (corporate reputation) if the local communities are aware of the organization's social responsibilities (Ajayi & Mmutle, 2020, p.1-15). The author used this result as a dependent variable entitled "CBBE\_Reputation" in the regression test.

**Table 7. Reliability Test of Local Communities' Perception of Corporate Reputation through the CBBE**

CBBE & Corporate Reputation	Number of Items	Cronbach Alpha
Brand Awareness	5	0.933
Perceived Quality	6	0.947
Brand Association	6	0.946
Brand Loyalty	5	0.932
The whole of Brand Equity	5	0.927

Source: Data Processed in SPSS V.20 based on Questionnaire Result's, 2021

Through the measurement in table 3, the Cronbach alpha's score for all subjects in local communities' perception of corporate reputation through the CBBE is > 0.800. It means

the local communities' perception of corporate reputation through the CBBE variable is very reliable to test. The variable is consistent when repeating or comparing assessments within a study.

### Regression Test

In the regression test, the researcher uses local communities' perception of the CSR programs as the independent variable (IMAGE\_CSR) as the independent variable and the local communities' CBBE as corporate reputation measurement (CBBE\_REPUTATION) as the dependent variable. The data must be stated in a normal distribution for the regression test, so the author did the normality test.

**Table 8. Normality Test Kolmogorov-Smirnov**

Tests of Normality			
Variables	Kolmogorov-Smirnov		
	Statistic	df	Sig.
IMAGE_CSR	.042	325	.200*
CBBE_REPUTATION	.040	325	.200*
*. This is a lower bound of the true significance.			
a. Lilliefors Significance Correction			

Source: Data Processed in SPSS V.20 based on Questionnaire Result's, 2021

Based on the result, the data for both variables normally distributed with Sig. point is higher than 0.05. With this result, the data can processed to the regression test's next step.

**Table 9. Model Summary**

Model Summary				
Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. error of the Estimate
1	.997 <sup>a</sup>	.994	.994	.34449
a. Predictors: (Constant), IMAGE_CSR				

Source: Data Processed in SPSS V.20 based on Questionnaire Result's, 2021

Table 9 shows the score of correlation between variables,  $R = 0.997$ . Then, the coefficient determination ( $R^2$ ) = 0.994, which means the influence of the independent variable (IMAGE\_CSR) to the dependent variable (CBBE\_REPUTATION) is 99.4% and the other 0.6% depend on other variables that the researcher didn't investigate.

**Table 10. ANOVA**

ANOVA <sup>a</sup>
--------------------

Model		Sum of Squares	df	Mean Square	F	Sig.
<b>1</b>	Regression	6142.081	1	6142.081	51754.931	.000 <sup>b</sup>
	Residual	38.332	323	.119		
	Total	6180.414	324			
<b>a. Dependent variable: CBBE_REPUTATION</b>						
<b>b. Predictors: (Constant), IMAGE_CSR</b>						

Source: Data Processed in SPSS V.20 based on Questionnaire Result's, 2021

Table 10 shows that this regression analysis between the dependent and independent variables has significant  $0.000 < 0.05$  and with  $F = 51754.931$ , which makes this regression model can be used as predictors CBBE and Corporate Reputation variable (CBBE\_REPUTATION). Table 9 also shows the hypotheses ( $H_a$ : There is a significant effect on perceived CSR program on CBBE as the measurement of Corporate Reputation) is accepted by the sig  $0.000 < 0.05$ .

**Table 11. Regression Coefficients**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
<b>1</b>	(Constant)	-.004	.070		-.053	.958
	IMAGE_CSR	1.255	.006	.997	227.497	0.000
<b>a. Dependent variable: CBBE_REPUTATION</b>						

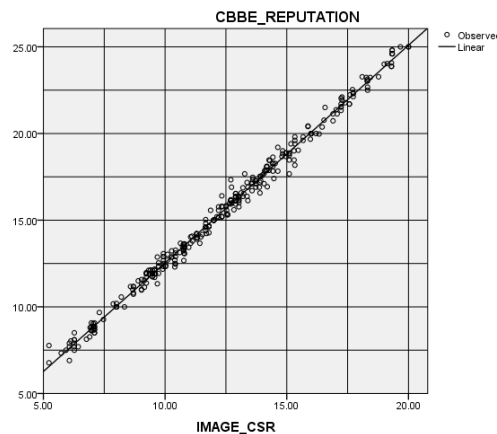
Source: Data Processed in SPSS V.20 based on Questionnaire Result's, 2021

Table 11 shows that the constant is -0.004 which means if the perception of the image and CSR program (IMAGE\_CSR) variable is decreasing or without it, it will affect negatively decrease the CBBE & Corporate Reputation (CBBE\_REPUTATION) variable. Then, based on the regression coefficients table, the graphic formula is:

$$Y = a + bx$$

$$Y = -0.004 + 1.255 x$$

With the estimation graph like this:



Picture 1. Regression Graph Estimation processed in SPSS v20, 2021

**Discussion**

The possible reason why the average mean score of local communities’ perception is neutral (3.07) and its effect on the CBBE as the measurement of corporate reputation is neutral too (3.08) is the knowledge of local communities about CSR Programs.

**Table 12. CSR Knowledge of Local Communities**

<b>How did you know about the CSR program by PT. Pertamina (Persero)?</b>		
	<b>Frequency</b>	<b>Per cent</b>
I have never heard of it	92	28.3
I heard it, but I don't know about it	182	56.0
I have basic knowledge about it	50	15.4
I am familiar with the CSR topic	1	0.3
<b>Total</b>	<b>325</b>	<b>100.0</b>

Source: Questionnaire about Sample’s Knowledge about CSR Programs, 2021

From the result, we know most local communities heard the CSR programs but don’t know about it (56.0%) and there are still many people that never heard about CSR (28.30%). The result of not knowing about CSR made them feel neutral with the questionnaire about CSR programs. It shows that Pertamina still lacks giving information to local communities about their CSR programs. So, Pertamina must improve their communication with the local communities, especially in Parigi Baru Village by the right communication channel. The local communities’ preferred communication channel is:

**Table 13. Preferred Communication Channel**

<b>Preferred Communication Channel</b>		
<b>Communication Channel</b>	<b>Frequency</b>	<b>Per cent</b>
Television	36	11.1
Radio	8	2.5
Internet	214	65.8

Face To Face Involvement	62	19.1
Friends	5	1.5
<b>Total</b>	<b>325</b>	<b>100.0</b>

Source: Questionnaire about Sample's Preferred Communication Channel, 2021

Table 13 shows that most local communities with a total of 214 people (65.8%) prefer to use the internet as their communication channel to get information about programs and follow-up programs. The next possible reason why the local communities' perception is neutral is the CSR programs did not fulfill the needs of local communities. Based on the research, the preferable CSR programs that local communities need is:

**Table 14. Preferred type of CSR Programs**

Preferred type of CSR program		
	Frequency	Per cent
Donations	125	38.5
Education Fees	97	29.8
Fund for setting up a business	100	30.8
Training / Workshop Program	3	0.9
<b>Total</b>	<b>325</b>	<b>100.0</b>

Source: Questionnaire about Sample's Preferred type of CSR Programs, 2021

Based on the result, most local communities' preferred type of CSR program is donations programs (38.50%) followed by funding for setting up a business (30.8%). But Pertamina built the Pertashop in Parigi Baru Village, the goal is for easier for local communities to find Pertamina's products. Based on table 14, local communities in Parigi Baru Village need more donations programs than Pertashop programs. The local communities' perception of the CSR Programs, in this case, local communities of Parigi Baru Village is the perception of Pertamina's image through the "Pertashop & *BBM Satu Harga*" programs is affecting the CBBE as the measurement of corporate reputation. Studying a company's brand and equity is becoming increasingly important because strengthening brand equity can increase the productivity of corporate marketing investments. Therefore, brand reputation is essential in building brand equity, but these relationships require a mediator who can positively influence these relationships. Actions in the field of CSR lead to the enhancement of a company's reputation and image, which in turn leads to brand equity (Mahmood & Bashir, 2020, p. 1-13). Customer-Based Brand equity covers a wide range of concepts, because the consumers' experiences, feelings, and what they learn about the brand in the long term are related to the concept of brand equity (Salehzadeh, Khazaei Pool, & Jafari Najafabadi, 2018, p. 106-118). Through the questionnaire, the reason why local communities' perception is neutral in all aspects is because of Pertamina's lack of involving local communities (table 1), lack of educating local communities about CSR programs (table 12), and lack of understanding about local community's needs (table 13). This is evidence by the lack of information and education from Pertamina, the local communities' ratings for every aspect in the questionnaire

are neutral. On this day, Pertamina's challenges are about building a better reputation and fulfilling the local communities' needs and responsible for more information and education for the local communities. Pertamina can provide more information and education through various media, one of which is the internet. The internet itself is a preferred communication channel for local communities of Parigi Baru village. In addition, Pertamina can also be active in mass media such as television and be active directly in the community.

Through the research, the significant effect of Parigi Baru Village local communities' perception of CSR programs is very high on local communities CBBE as the measurement of corporate reputation (99,40%). Improving the CSR programs, CSR personnel, CSR executives will affect the corporate image and build a better CBBE as the measurement of corporate reputation. The strong brand value perceived by individual consumers creates a higher brand identification, maintains a favorable brand image, perceives items like high quality, and is a brand, especially in terms of recognized innovative characteristics (Huang & Shih, 2017, p. 467-490). More knowledge, involvement, and experience from local communities will positively affect corporate reputation. Pertamina must be active in involving more local communities in the future to build a better reputation from the local communities' perception measured by CBBE. Companies who provide better services or products encourage the positive impact of environmental, social, and employee behavior on a CSR program. This strengthens the relationship between CSR about community, governance, and brand equity. These results indicate that the right combination of external CSR strategies and internal resources and capabilities can affect a company's brand management in terms of CBBE results, commodity market decisions, and financial market decisions (Yang & Basile, 2019, p. 2-17). The local community in Parigi Baru Village needs more information and education about CSR Programs, not only that, but they also need more involvement invitations for building a better perception about the CSR Programs and affecting the corporate reputation. When corporate voluntarily engage in CSR activities, consumers may perceive such actions as more put the interests of local communities besides corporate business (Muniz, Guzmán, Paswan, & Crawford, 2019, p. 864-879)

Result of the regression test show CSR Programs is one of the most determining factors in building a corporate reputation and the best way to build a good relationship between corporate and their public. Better the relationship between Pertamina and their public, the better corporate reputation. CSR engagement should limit executives' opportunistic behavior because an executive's reputation is often linked to a company's CSR reputation. Therefore, companies with a high level of participation in CSR do not engage in value-damaging acquisitions that could damage the company's reputation (Gul, Krishnamurti, Shams, & Chowdhury, 2020, p. 52-68). With the growth of the oil and gas industry, Pertamina is required to minimize its negative impact, and increase its positive impact on society, including its reputation.

Reputation is one measure of the quality of a company. Awareness, association, loyalty, and perceived quality determine a company's reputation, and reputation reflects positive and negative consumer tendencies towards a brand or company. It all depends on the opinion of the customer (Bianchi, Bruno, & Sarabia-Sanchez, 2019, p.206-221). When the CSR programs can be so significant to corporate reputation, especially impact corporate value, it will be very

serious things that corporate must pay attention to. CSR communication improves consumers' CSR knowledge and, in turn, has a positive effect on corporate reputation (Kim, 2019, p. 1143-1159). This study provides that CBBE can be positively changed by CSR activities. Recently, usage of the internet can't be separated from local communities. As the result of table 13, the preferable channel for communication is the internet. Pertamina must give the local communities more information about their CSR Program. In a study by Muniz, published in 2019, it was found that consumers judge CSR information in the context of the previous information they get about a brand. Information integration theory suggests that a person's existing beliefs and behaviors are combined with external information about the brand to form an overall impression, which is then used to update previous judgments (Muniz, Guzmán, Paswan, & Crawford, 2019, p. 864-879). The results also show that attitudes and satisfaction play an important role in shaping corporate reputation (Park, 2019, p. 215-221). The findings of this study show the interrelation of CSR Programs and the CBBE concept is based on the perception, involvement, experiences, and satisfaction of the local community and affect the forming of Pertamina's reputation. Through the *Pertashop & BBM Satu Harga* programs Pertamina tries to build the local community of Parigi Baru Village in perception, involvement, experiences, and satisfaction. On Pertamina's decision on building *Pertashop* and implementing *BBM Satu Harga* programs in the *Pertashop* then try to build a good reputation from the local communities' judgment.

Corporations are required not only to engage in socially responsible activities, but they also need to understand how their stakeholders perceive those activities (Hasan & Yun, 2017, p. 80). In this study, Pertamina can not only think about the profits obtained through their CSR program, but Pertamina also must think about the local community. Through community involvement, Pertamina's reputation has been improved for the better. This is also explained by Hasan (2017), In previous research, CSR was a way for companies to act responsibly towards the social world around them, against economic and environmental conditions. Companies benefit not only from commercial activities but also from social responsibility, which requires companies to have direct contact with society. Companies need to understand how CSR can create a good reputation in the community. The study concluded that CSR is one of the most important factors in the company's reputation because the results show a positive relationship between CSR and the company's reputation (Hasan & Yun, 2017, p. 80).

## CONCLUSION

The CSR Program will affect the CBBE and Pertamina's reputation, more improvements are needed to build a better reputation. The results of the regression test show whether a CSR program is one of the most important things in building a company's reputation and is the best way to build a good relationship between the company and its public. This research shows how significant CSR Programs affect Corporate Reputation. The "*Pertashop & BBM Satu Harga*" program affects the local communities of Parigi Baru Village CBBE in a significant way (99,40%). It's explained how significant effect of the public's perception of CSR programs by Pertamina on CBBE. Pertamina's reputation could be better by improving the CSR Programs in all aspects that determined local communities' perception. The mean

score result shows that local communities' perception is still neutral. It means the CSR programs are still not enough to fulfill local communities' needs. The local communities' perception of CSR programs will affect the CBBE as Pertamina's reputation measurement.

Communicating, educating, and involving the community in their CSR Programs are a very effective way to impact the company's reputation positively. Pertamina needs to actively engage more local communities in the future to build a better reputation from the perceptions of the local community that CBBE measures. More minor local communities' involvement and less information given to local communities, and the programs that do not fulfill the local communities' needs may become why the local communities' perception is so neutral about the Pertamina's image, CSR Programs, and local communities' CBBE. CSR development is essential and a determining tool that can use as an additional benefit to the hopes and successes of the company in the future. Corporate interest in CSR programs is a crucial function in promoting the environment within a company so that its growth link to its progress.

## REFERENCES

- Ajayi, O. A., & Mmutle, T. (2020). Corporate reputation through strategic communication of corporate social responsibility. *Corporate Communications*, 26(5), 1–15. <https://doi.org/10.1108/CCIJ-02-2020-0047>
- Audina, S., & Aruman, A. E. (2021). Strategi Media Relations dalam Program CSR Geopark Ciletuh: Studi PT Bio Farma. *Jurnal Riset Komunikasi (JURKOM)*, 1(2), 242–253.
- Azzahrah, S., Sakinah, M., Prayudya, M., & Yudyantoro, D. (2019). The Analysis of Oil, Gas, and Coal Mining Activities Affecting Socio-economic Welfare: Case of Indonesia. *Proceedings of International Conference on Zakat, Tax, Waqf And Economic Development (ZAWED)*, 308–334.
- Bennett, N. J. (2016). Using Perceptions as Evidence to Improve Conservation and Environmental Management. *Conservation Biology*, 30(3), 582–592. <https://doi.org/10.1111/cobi.12681>
- Bianchi, E., Bruno, J. M., & Sarabia-Sanchez, F. J. (2019). The Impact of Perceived CSR on Corporate Reputation and Purchase Intention. *European Journal of Management and Business Economics*, 28(3), 206–221. <https://doi.org/10.1108/EJMBE-12-2017-0068>
- Creswell, John. W. (2013). *Research Design: Qualitative, Quantitative, and Mixed Method Approaches* (Fourth Edition). California: SAGE Publications.
- Farmaki, A. (2019). Corporate social responsibility in hotels: a stakeholder approach. *International Journal of Contemporary Hospitality Management*, 31(6), 2297–2320. <https://doi.org/10.1108/IJCHM-03-2018-0199>
- Gul, F. A., Krishnamurti, C., Shams, S., & Chowdhury, H. (2020). Corporate social responsibility, overconfident CEOs and empire-building: Agency and stakeholder theoretic perspectives. *Journal of Business Research*, 111, 52–68. <https://doi.org/10.1016/j.jbusres.2020.01.035>
- Hasan, R., & Yun, T. M. (2017). Theoretical Linkage Between Corporate Social Responsibility and Corporate Reputation. *Indonesian Journal of Sustainability Accounting and Management*, 1(2), 80. <https://doi.org/10.28992/ijSAM.v1i2.32>

- Heinberg, M., Ozkaya, H. E., & Taube, M. (2018). Do Corporate Image and Reputation Drive Brand Equity in India and China? - Similarities and Differences. *Journal of Business Research*, 86, 259–268. <https://doi.org/10.1016/j.jbusres.2017.09.018>
- Huang, Y.-T., & Shih, K.-H. (2017). Customer-based brand equity of smartphones in the emerging market. *Int. J. Mobile Communications*, 15(5), 467–490.
- Jang, S. S., Ko, H., Chung, Y., & Woo, C. (2019). CSR, social ties, and firm performance. *Corporate Governance (Bingley)*, 19(6), 1310–1323. <https://doi.org/10.1108/CG-02-2019-0068>
- Keller, K. L., Parameswaran, A. M. G., & Jacob, I. (2015). *Strategic Brand Management Building, Measuring, and Managing Brand Equity*. Uttar Pradesh: Pearson India Education Services Pvt. Ltd.
- Kim, S. (2019). The Process Model of Corporate Social Responsibility (CSR) Communication: CSR Communication and its Relationship with Consumer's CSR Knowledge, Trust, and Corporate Reputation Perception. *Journal of Business Ethics*, Vol. 154(No.4), 1143–1159. <https://doi.org/10.1007/s10551-017-3433-6>
- Mahmood, A., & Bashir, J. (2020). How does corporate social responsibility transform brand reputation into brand equity? Economic and non-economic perspectives of CSR. *International Journal of Engineering Business Management*, 12. <https://doi.org/10.1177/1847979020927547>
- Mourad, M., Meshreki, H., & Sarofim, S. (2020). Brand equity in higher education: a comparative analysis. *Studies in Higher Education*, 45(1), 209–231. <https://doi.org/10.1080/03075079.2019.1582012>
- Muniz, F., Guzmán, F., Paswan, A. K., & Crawford, H. J. (2019). The immediate effect of corporate social responsibility on consumer-based brand equity. *Journal of Product and Brand Management*, 28(7), 864–879. <https://doi.org/10.1108/JPBPM-09-2018-2016>
- Ningrum, S. R., & Roosinda, F. W. (2020). Implementasi Corporate Social Responsibility PT KAI DAOP 8 Surabaya dalam Program Rail Clinic. *Jurnal Riset Komunikasi (JURKOM)*, 3(2), 194–208.
- Özcan, F., & Elçi, M. (2020). Employees' Perception of CSR Affecting Employer Brand, Brand Image, and Corporate Reputation. *SAGE Open*, 10(4). <https://doi.org/10.1177/2158244020972372>
- Park, E. (2019). Corporate Social Responsibility As a Determinant of Corporate Reputation in The Airline Industry. *Journal of Retailing and Consumer Services*, 47, 215–221. <https://doi.org/10.1016/j.jretconser.2018.11.013>
- Pedrini, M., & Ferri, L. M. (2019, February 4). Stakeholder management: a systematic literature review. *Corporate Governance (Bingley)*, Vol. 19, pp. 44–59. Emerald Group Holdings Ltd. <https://doi.org/10.1108/CG-08-2017-0172>
- PERTAMINA. (2021a). Daftar Harga BBK Tmt 01 Januari 2021. Retrieved January 28, 2022, from <https://www.pertamina.com/id/news-room/announcement/Daftar-Harga-BBK-Tmt-01-Januari-2021>
- PERTAMINA. (2021b). Pertashop & BBM Satu Harga. Retrieved October 20, 2021, from <https://pertamina.com/id/pertashop-dan-bbm-satu-harga>

- Pluck, G., Amraoui, D., & Fornell-Villalobos, I. (2021). Brief communication: Reliability of the D-KEFS Tower Test in samples of children and adolescents in Ecuador. *Applied Neuropsychology: Child*, 10(2), 158–164. <https://doi.org/10.1080/21622965.2019.1629922>
- Presiden RI. Undang-undang (UU) tentang Badan Usaha Milik Negara. , Pub. L. No. 19, Undang-Undang Republik Indonesia (2003). Indonesia: LN.2003/NO.70, TLN NO.4297, LL SETNEG : 31HLM.
- Roper, S., & Fill, C. (2012). *Corporate Reputation: Brand and Communication*. Edinburgh: Pearson Education Limited.
- Salehzadeh, R., Khazaei Pool, J., & Jafari Najafabadi, A. H. (2018). Exploring the relationship between corporate social responsibility, brand image, and brand equity in the Iranian banking industry. *Journal of Islamic Accounting and Business Research*, 9(2), 106–118. <https://doi.org/10.1108/JIABR-11-2014-0041>
- Tran, K. T., Nguyen, P. v., Do, H. T. S., & Nguyen, L. T. (2020). University students' insight on brand equity. *Management Science Letters*, 10(9), 2053–2062. <https://doi.org/10.5267/j.msl.2020.2.006>
- Wang, S., Liao, Y.-K., Wu, W.-Y., & Le, K. B. H. (2021). The Role of Corporate Social Responsibility Perceptions in Brand Equity, Brand Credibility, Brand Reputation, and Purchase Intentions. *Sustainability*, 13(21), 1–19. <https://doi.org/10.3390/su132111975>
- Winzar, H., Baumann, C., & Chu, W. (2018). Brand competitiveness: Introducing the customer-based brand value (CBBV) – Competitiveness Chain. *International Journal of Contemporary Hospitality Management*, 30(1), 637–660. <https://doi.org/10.1108/IJCHM-11-2016-0619>
- Yang, J., & Basile, K. (2019). The impact of corporate social responsibility on brand equity. *Marketing Intelligence and Planning*, 37(1), 2–17. <https://doi.org/10.1108/MIP-02-2018-0051>
- Zahari, A. R., Esa, E., Rajadurai, J., Azizan, N. A., & Tamyez, P. F. M. (2020). The effect of corporate social responsibility practices on brand equity: An examination of Malaysia's top 100 brands. *Journal of Asian Finance, Economics, and Business*, 7(2), 271–280. <https://doi.org/10.13106/jafeb.2020.vol7.no2.271>