

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Indonesia is one of the largest archipelagic countries in the world, as evidenced by the fact that in 2022 there were approximately 17,000 islands lined up from Sabang to Merauke. (Dewi, 2023). This makes Indonesia as a country with a variety of natural resources and not only that, Indonesia is also known as a country with cultural diversity that can be offered to tourists. Therefore, this certainly makes Indonesia a country with strong tourism potential and become an asset for the hotel industry in Indonesia. Hotel is one of the accommodations that has a form of building and offers lodging, eating and drinking services and various commercial needs for people who come to stay (Dian et al., 2023).

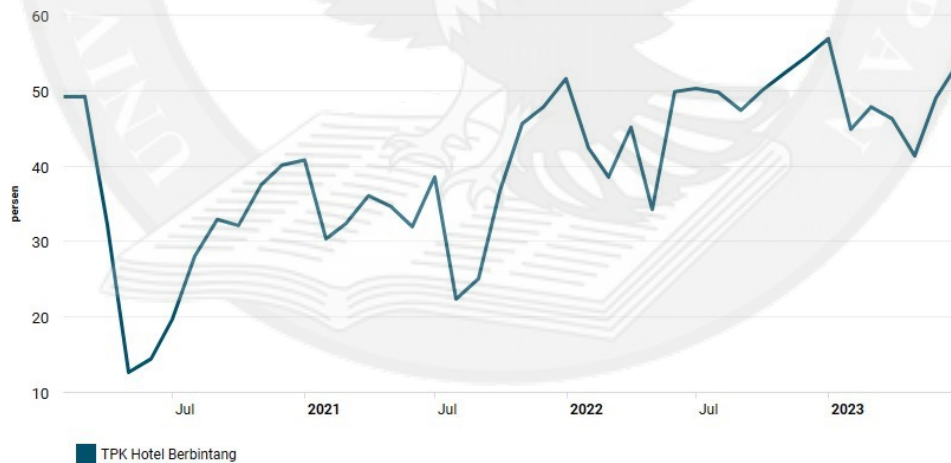


Figure 1.1 Room Occupancy Rate of Star Hotels in Indonesia (January 2020 - June 2023)

Source: Databoks, 2023

According to the Badan Pusat Statistik (BPS) report, in January-March 2023 the room occupancy rate (TPK) of star hotels in Indonesia was still slumping down, however, from May to June 2023 there began an increase to reach 53.67% when viewed again this figure is much higher than in June in previous years. The situation that began to improve for the hospitality industry is still followed by major challenges, in the hospitality industry as for which the main challenge is the existence of increasingly fierce competition. In order to continue to stay in the top position in winning the competition in the hospitality industry, thinking and implementation in strategic planning is needed so that the company can maintain itself in fierce competition. (Teguh & Ciawati, 2020).

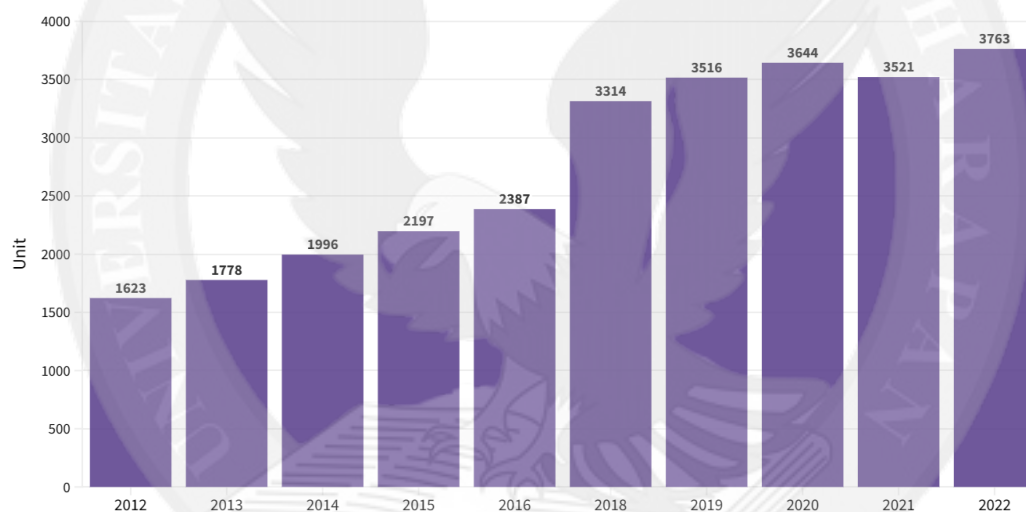


Figure 1.2 Number of starred hotels in Indonesia (2012-2022)

Source: Badan Pusat Statistik, 2022

Badan Pusat Statistik (BPS) also noted that the number of star hotels in our country in the year of 2022 is reached 3,763 hotel units, which is an increase of 6.87% when compared to 2021 of 3,521 units. Of course, if you want to survive in this industry, the company needs to be a long-term strategy without causing negative

effects on society, so the application of Corporate Social Responsibility (CSR) is the answer CSR is a form of voluntary corporate commitment activities in improving community welfare and environmental welfare. (Nayenggita et al., 2019)

Bintan Island, known as one of Indonesia's unique tourist sites, provides a variety of interesting activities that you must try. Luxury resorts, world-class golf courses, and breathtaking coastline scenery all on one island would be the ideal retreat for people looking for leisure and adventurous activities. Bintan Island is located in the western part of the Riau Islands, east of the South China Sea. It shares borders with Singapore and Malaysia across the Straits of Malacca, which makes it a strategic spot in the region. Statistics show that more than 350,000 people visit Bintan Island, the largest of the 3,000 islands in the Riau Archipelago.

In a company, the success of CSR implementation is assessed through the Triple Bottom Line (TBL) concept, namely Profit, people and planet. (Michael et al., 2019) , What is meant by this 3P is Profit is the profit received by the company, People is the responsibility to the social community around the company, and planet is the company's responsibility to the environment around the company, through this triple bottom line concept the company will be able to optimize the company's image. According to the law recorded in chapter 5 article 74 of Law Number 40 of 2007 concerning Limited Liability Companies ("UUPT") reveals about the company's social responsibility and the surrounding environment, every company is required to hold CSR activities as a form of corporate concern for the community and the environment of the company's existence.

The main purpose of implementing CSR is to build the image and good name of the company to the wider community and also to the people who work with the

company. In addition, the implementation of CSR also provides benefits in the form of long-term investments that will have an impact on the sustainability of the company because the company faces responsibilities based on the triple bottom line with three main points from the social, environmental and financial dimensions (Wardhani, 2023). A positive corporate image is important because it can influence a company's success in terms of attracting and retaining customers, securing investment, attracting talent, and establishing good relationships with other stakeholders (Cahyo, 2022).

In this research The sanchaya resort was chosen as the object of research, The sanchaya is one of the luxury resorts operating since 2014 and is located in Bintan, Riau Islands. This resort is located in a shady area in a white sandy bay which has 21 villas and 9 suites offering international standard services with experimental architecture typical of Southeast Asia, besides that the sanchaya also runs many CSR programs since the beginning of 2014 as a form of social responsibility to the community and the environment around the sanchaya formed the Mr. morris foundation which contributes in various ways including: Education & Scholarship, Orphanage & Elderly Home, there are also Environmental protection projects that they do for the surrounding environment.

With the paper entitled "The influence of Mr. Morris foundation in social, economic and environmental aspects as a form of Corporate Social Responsibility (CSR) towards corporate image at The Sanchaya, Bintan", the author aims to study the CSR programs carried out by The Sanchaya.

1.2 Problem Limitation

This research discusses the relationship between the influence of CSR in economic, social, and environmental aspects on the corporate image at sanchaya. So that the research is not too widened and can be consentarted into more specific objects, so in this study there is a limitation of the problem this research was conducted at The sanchaya, bintan islands riau Indonesia.

In this study the authors used 3 independent variables and 1 dependet variable, namely:

X1: Influence of social aspect indicator = Company contribution, Community Education, Community Health.

X2: Influence of economy aspect indicator = Effective, efficient, and training.

X3: Influence of environmental aspect indicator = Waste reduction, innovation, and environmental preservation.

Y: Corporate Image = CSR performance, CSR quality, company contribution, professionalism.

1.3 Problem Formulation

1. Does the influence of CSR in social aspect have impact on corporate image at The sanchaya?
2. Does the influence of CSR in economy aspect have impact on corporate image at The sanchaya?
3. Does the influence of CSR in environment aspect have impact on corporate image at The sanchaya?

4. Does the influence of CSR in social, economy and environment aspect have impact on corporate image at The sanchaya?

1.4 Objective of the research

The objectives of this research include:

1. There is a significant influence of social aspects on the company's image at The sanchaya
2. There is a significant influence of economic aspects on the company's image at The sanchaya
3. There is a significant influence of environmental aspects on the company's image at The sanchaya

1.5 Benefit of the research

1.5.1 Theoretical Benefit

The benefits of this research are expected to contribute theoretically in the development of science for the field of marketing management, especially how to improve the company's image through corporate social responsibility factors, not only that this study is also expected to be a reference or contribution of ideas for parties who want to conduct a broader study of the influence of CSR on the company's image at The sanchaya bintan.

1.5.2 Practical Benefit

In practical benefits, this research can provide insight into which aspects of CSR (economic, social and environmental) can have a more significant impact on the company's image, of course this can help The Sanchaya in managing CSR strategies more effectively and being able to allocate resources optimally.

