The Influence of Partnership Networking in CSR and SCM: Evidence from Beneficiary's Firm Perspective

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Abstracts

Purpose - Generally in Indonesia, program of corporate social responsibility (CSR) from large enterprises -both private, foreign, and state ownership- to SMEs had been implemented on the training assistance and support access to capital for SMEs. Basically, they are also could be implemented by with partnership networking of *supply chain management (SCM)*. Thus, the focus of this study was measuring impact of the extent of integrated partnership networking of CSR and SCM would have an impact on strengthening marketing performance and financial performance of the SMEs that beneficiary's firms of CSR.

Design/methodology/approach –This study used statistical approach of *partial least square (PLS) with* sampling used 111 of SMEs engaged in the garment, apparel, convection, and handicraft industry in Central Java, Indonesia. PLS is a form of structural regression modeling with much in common, which explains the developing concept of diagram model based on theory and previous research. This method can show causality between variables that can measure the extent to which the model is built eligible to be the purpose of the analysis of the study.

Findings - The finding study that there is a positive and significant impact of partnership networking of CSR on marketing and financial performance of beneficiary's firm. Meanwhile, the role of supply chain management (SCM) to marketing and financial performance also is positively significant. The most crucial point in this research is the positively significant from the role of interaction (moderation) between CSR in training assistance with integrated partnership networking of supply chain management (SCM) to beneficiary's firm performance. There are also the positively impact of CSR in capital assistance with integrated partnership networking of supply chain to beneficiary's firm performance. It's implication that driving CSR and SCM with partnership networking between large enterprises with SMEs is very useful and very important. It's could be the best role model of CSR programs and be more effective to boost the performance of SMEs in Indonesia and the other developing countries.

Originality/value - It has been a lot of empirical research into the impact of *corporate social responsibility (CSR)* on the performance and reputation of the enterprises giving CSR. It used usually focused at large-scale enterprises both private and state-owned enterprises. However, the highlight of this study differs from others. It's aimed to analyze the impact of CSR program from the large enterprises for small and medium enterprises (SMEs) that beneficiary's firms of CSR program.

Keywords - CSR, SCM, Partnership networking, Marketing performance, Financial performance, SMEs.

Paper type – Empirical quantitative research

1. Introduction

Corporate Social Responsibility (CSR) is the company's social responsibility towards its stakeholders. These responsibilities as a consequence of the impact caused by the company's operations. CSR is serious efforts to solve the social problems caused wholly or partly by a corporation (Fitch, 1976).

In the current development corporate social responsibility (CSR) is a topic that raises a lot of controversy, much more when analyzed and discussed and has attracted attention from researchers and academics today (Lech, 2013). In trend the competitive environment, the company puts corporate social responsibility as a strategy to achieve their goals.

Implementasi CSR for this still has a weakness. The main program of CSR only to help small and medium enterprises (SMEs) as a part of business strategy. As a business strategy, CSR program is expected to be used to increase its market participation and improve company performance. So that the orientation of many researchers and academics examined the impact of corporate social responsibility (CSR) on business performance (Maldonado-Guzman et al., 2016).

This makes the implementation of CSR programs is still far from empowering small businesses, because: a). Its application is spatial, b). Not to standardized, c). Most are short term and consumptive, d). Yet measured the extent to which can reduce poverty, e). Most have not been integrated with the company's strategy.

The problem of SMEs is very varied, covering, quality of human resources, equipment is still traditional and other classic problems such as capital. Therefore, programs of corporate social responsibility (CSR) should be done in integrative, taking into account the interests of stakeholders, so that it can provide benefits to related parties (Nikolova & Arsić, 2017).

Improving the quality of human resources need to be increased, so that more effective management of SMEs and to experience sustainable development of SMEs. Training is an activity to enhance the skills and attitude to be able to set up new businesses or expand existing businesses. Manimala (2006) stated that SMEs need training but has serious obstacle to such training.

The role of government and private sectors in the form of CSR programs are needed to help increase the competence of managers of SMEs. Training assistance can be used to identify problems and make recommendations to ensure the successful performance of SMEs. It is consistent with research outcome from (Tambwe, 2015) which shows that training programs has positive effect on the performance of SMEs and long-term to economic growth performance. Likewise, the results of research by Kithae et al. (2013) showed that the training of marketing, financial management, accounting, and customer service affect the performance of SMEs

The success of SMEs also needs capital support. Many SMEs can produce a quality product however, cannot be developed because it cannot meet the market demand, due to constrained capital. Capital adequacy is expected to guarantee in operational and performance support and business development. Capital assistance in the form of SME credit affect the return on assets (Kibet et al., 2015). The measurement used for indicators of CSR in capital assessment are; the availability of grass-period; the corresponding capital ceiling; there are no guarantees; and installment corresponding models (Kibet et al., 2015).

CSR programs follow a voluntary obligation both for directors and employees, as well as consumers, suppliers, and the communities where the company is located, as a variety of social, economy, and environmental. Implementation of CSR showed a strong compromise for the business to economic activities for the environment (Balabanis et al., 1998).

This can be done by positioning a small community around the company, which runs a small business to become a supplier or distributor of the company. This condition is based on problem SMEs are closely related to the market and the certainty of supply of raw materials. The CSR program is expected to facilitate in marketing and certainty of supply of raw materials through the supply chain and marketing chain. Thus, the CSR program will be effective, if the recipient SME corporate social responsibility (CSR) is part of the supply chain management (SCM) partnership networking.

2. Literature Review

2.1. Corporate Social Responsibility

CSR is a social act based on good faith, not as a assertive interest or just to meet the rule of law (McWilliams & Siegel, 2001). The definition can be underlined that CSR is done as awareness of responsibility beyond the legal obligation. Thus, companies that just do or channeling funds in CSR programs, but do not see the consequences, can be said not having a social conscience. CSR program could be expected to help people in need, so that the consequence on the distribution of the stakeholders is expected bore part of the responsibility of the company.

CSR bore responsibility for companies of all sizes, in cooperation with their stakeholders, can help reconcile the ambitions of economic, social, and environmental. Partnership networking in the supply chain is one form of social responsibility among large companies with small and medium enterprises (SMEs).

This form partnership networking to integrate all efforts CSR activities of large companies as part of the company's CSR activities of small and medium scale partners who act as suppliers and partners as a marketers and users downstream. The role of CSR as it certainly is needed in the context of business in the era of knowledge-based economic competition, global competition, and connectivity (Witkowska, 2016).

CSR framework based on supply chain partnership networking are socially responsible will show the optimal coordination of relevant strategies to improve social and environmental performance for all partners in the supply chain system. The findings suggest that the level of participation of a total investment of suppliers CSR efforts is critical contract clauses to coordinate the supply chain partnership networking that are socially responsible (Wang, 2012). Integrated corporate social responsibility (CSR) needs to be done, considering the interests of stakeholders, so that it can provide benefits to related parties (Nikolova & Arsić, 2017).

2.2. Supply Chain Management

Supply chain management (SCM) has become a major component of competitive strategy to improve productivity and organizational ability. One aspect that is rarely studied in relation to the improvement of the competitiveness of SMEs is the supply chain management. Which has proven competitiveness of contribution to GDP could be strengthened by the model of the relationship in the supply chain. Supply chain partnership networking among partners require their suppliers to foster a strong relationship between them (Papakiriakopoulos & Pramatari, 2010).

According Fitzsimmons and Fitzsimmons (2010), the physical form of a product in the supply chain can be seen as a stage in order to increase value-added of network through processing of raw materials, in which be defined by the input supply, material transformation, and output demand. One effort that must be made in the implementation of supply chain management (SCM) is to establish partnership networking or similar business entity. It can be done by forming partnership networking in the supply chain system, with similar good company to partner SME suppliers and channel partners.

Of course, in addition to partnership networking in the supply chain to SMEs could be done with a different partner SMEs, but still relevant to the industry. Likewise, supply chain partnership networking in supply should also be made with a vendor large corporation as business partners can be positioned as a company builder. The program fostered among large companies with small and medium-sized companies can be

integrated with CSR programs as a form of corporate social responsibility in helping small and medium enterprises (Maldonado-Guzman et al., 2016).

According Heizer et al. (2017), Supply chain management is the integration of the activities of procurement of materials and services, conversion into semi-finished goods and finished product and delivery to customers through the distribution system. Supply chain management is a system where an organization distributing goods production and services to its customers.

This chain is also a network of organizations that are interconnected and share the same goal, which is the best possible procurement or held such goods, the term supply chain includes also the process of changing the item, for example, from raw materials into finished goods. Supply chain management is the management of a network of all business processes and activities involving the procurement of raw materials, manufacturing, and distribution management of finished goods.

Supply chain management is also called the art of management to provide the right product, right time, right place at the right place and the right price for consumers. Thus, the supply chain management are all activities related to the flow of material, information, and money along the supply chain.

2.3. SMEs Training Program and Firm Performance

Competence management of SMEs is crucial in supporting the success of the business. Such efforts can be done through training, apprenticeships, and other skill building activities. SME Training is an activity to enhance the skills and attitude to be able to set up new businesses or expand existing businesses. Bradford (2007) showed that the skills most needed is how to manage business finances and how to market the product as well as the ability to communicate. That study concluded to obtain effective performance, MSE requires training and skills relating to financial management, product promotion and the acquisition and management of funds.

With a small business manager training can improve the soft skills in business management, production capabilities, marketing and ultimately improve company performance. This is consistent with the finding research from Tambwe (2015) which states that the training program have a positive effect on the performance of SMEs and long-term economic growth. In a while, Manimala (2006) show that that SMEs need training, but there are serious obstacles for SMEs to conduct such training. Training can be used to identify problems and make recommendations to ensure the successful performance of SMEs.

With the training program for SMEs will gain knowledge on the relationship between the practice and the success of current and determine its performance in terms of increased capacity to produce more output and the ability to compete (Tambwe, 2015). Likewise, with marketing training, financial management, accounting, and customer service affect the performance of SMEs (Kithae et al., 2013).

Training SMEs can also be realized with entrepreneurship training, entrepreneurship training turned out to have a major impact on the performance of entrepreneurs. However, the monitoring constant was found that the skills learned should be applied in practice (Kithae et al., 2013).

2.4. Capital assistance program and the Firm Performance

Capital is an important factor for small businesses. Many small enterprises who experience difficulties in development, due to capital constraints. Sufficient capital is expected to meet the requirements for raw material procurement, business operations

can even for expansion. The capital adequacy to support the performance and growth of the business. It coincides with findings that aid in the form of SME loan capital affect the return on assets (Kibet et al., 2015).

Capital assistance is also an important factor, because of the lack of the necessary capital, most of the training recipients do not practice their knowledge in business (Kithae et al., 2013). Help small business capital can be measured using indicators of the availability of grass period, the corresponding capital ceiling, there are no guarantees, installment corresponding models (Kibet et al., 2015).

2.5. Marketing Performance

Performance marketing is a construct that is often used to measure impact and orientation strategies applied by the company. The marketing strategy has always aimed to produce marketing performance (such as sales volume and sales growth rate) was good and a good financial performance.

In general, the size of the company's performance is measured by the value of the rupiah sales, return on investment (ROI), and return on assets (ROA). But the size of the measure was seen as a measure of aggregate produced through the process of accounting and finance, but does not directly describe the activities of management, especially marketing management (Ferdinand, 2002).

Performance of marketing is also said to be the organization's ability to transform itself to meet the challenges of the environment with long-term perspective (Hitt et al., 1998). The performance assessment becomes part of the company's efforts to identify the consistency of strategy implementation in the face of environmental changes.

The environment has become an important part of the company and is difficult to be changed by the company. Companies can only recognize and then manage properly so that it can benefit the company. The introduction of a good environment will have an impact on the quality of the resulting strategy which in turn will have an impact on marketing performance (Hitt et al., 1998).

Performance of marketing is an important element of the company's performance in general due to the performance of a company can be seen from the marketing performance over the years. Marketing performance is a concept for measuring a company's marketing achievement. Any company interested to know his achievements as a reflection of the success of the business in a competitive market. Slater and Narver (1994) describes the results of the implementation of corporate strategy such as in the form of customer satisfaction, the success of new products, increased sales, and profitability.

2.6. Financial Performance

A company's performance is defined as the ability of the company to make action and the results were acceptable (Pfeffer & Salancik, 2003). But the performance of the company should be measured in several ways. Alasadi and Abdelrahim (2007) that the performance of the SMEs can be seen from the satisfaction of the owner/manager (the dependent variable) on: profit, turnover, turnover phase (breakeven point), and business development. Performance is a picture of an activity execution achievement in realizing the vision, mission, goals, and objectives of the organization. The financial performance is a result that has been achieved by the company's management in carrying out its functions in managing the assets of the company effectively during a certain period

(Nirino et al., 2020). The financial performance is needed to determine and evaluate the extent to which the success rate companies based on financial activities that have been implemented.

Financial performance measures will generally refer to the liquidity ratio, which measures the company's performance assessment used to measure a company's ability to pay its debts. The leverage ratio measures the company's performance appraisal is used to measure the extent of corporate assets financed with debt. The ratio measures the activity of the company's performance appraisal is used to measure how effective the company in the use of sources of funds. Profitability ratio that measures the company's performance appraisal which shows the result of several policies and decisions that have been taken to company management.

3. Sampling

The population in this study are all entrepreneurs of small-scale enterprise (SMEs) in central Java. The sampling technique is purposive sampling It means that each the samples get the same chance to be selected.as respondents. The main criteria of this research sample is SMEs that receive assistance from the CSR programs large and medium entrepreises, where the largest sample in the SMEs sector of the the garment, apparel, convection, and handicraft industry in Central Java. Then the size of the sample can refer to opinion of Hair Jr et al. (2014), which says that the number of samples is an indicator multiplied by 5 to 10. Therefore, the number of samples in this study were as many as 111 respondents of SMEs.

4. Technic of Analysis

This study uses partial least square (PLS) is a form of structural regression modeling with much in common, which explains the developing concept of diagram model based on theory and previous research (Hair Jr et al., 2014). This method can show causality between variables that can measure the extent to which the model is built eligible to be the purpose of the analysis of the study.

Broadly speaking, the analysis technique SEM-PLS is a statistical technique that allows to do testing of a series of relationships between variables. The theoretical model of this study can be seen from the pictures below.
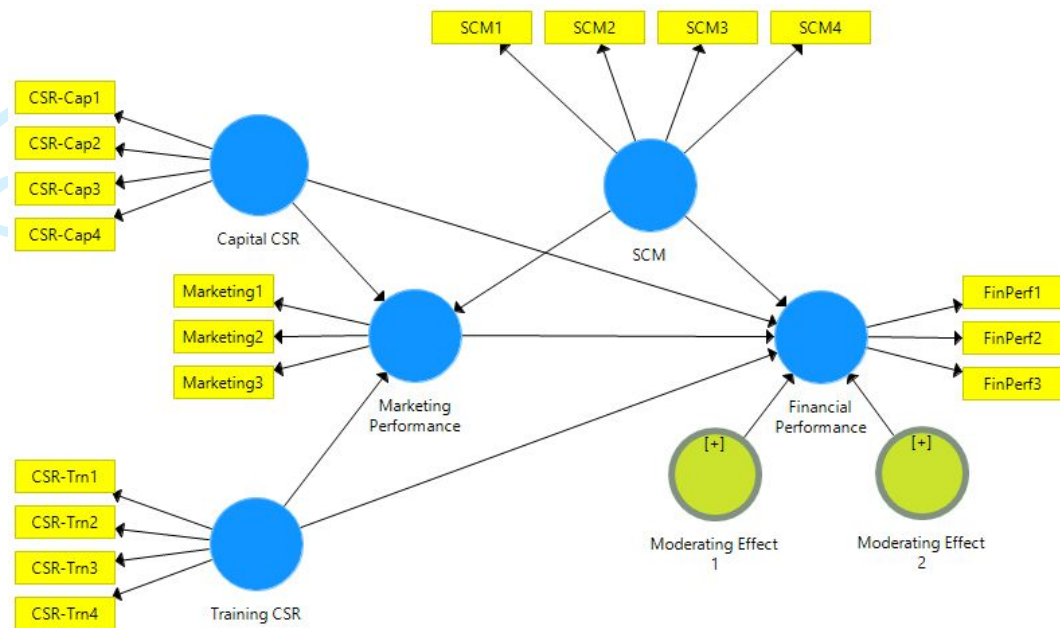
Description of constructs:

Capital CSR	=	Construct of capital assistance programs received by beneficiary firms. It is consisting four indicators of capital assistance, there are; the Cost of Capital (CSR-Cap1), Quantity of Capital Assistance (CSR-Cap2), the Terms and Conditions in the Process (CSR-Cap3), the Provision of Capital Assistance (CSR-Cap4).
Training CSR	=	Construct of training assistance programs received by beneficiary firms. There are four indicators; contents and materials of training inherent with need (CSR-Trn1), Quality and capability of trainers (CSR-Trn2), Methods of training is systematizing and continuing (CSR-Trn3), Output of training is applicative (CSR-Trn4).
Financial Marketing	=	Constructs of marketing performance from beneficiary firms. There are three indicators: continuity of growth sales, growth of market share, and more spread of market area.
Financial Performance	=	Constructs of financial performance from beneficiary firms. There are three of main indicator in this variable. Continuity of profit growth, improvement of return on investment (ROI), more spread of profit margin.
SCM (partnership networking of supply chain)	=	Constructs of supply chain management. This construct developed by degree in partnership networking of supply chain. There are four measurement in this indicator; partnership networking in raw material availability (SCM1), partnership networking in packing and labelling technology and material (SCM2), partnership networking of product distribution (SCM3), and partnership networking in promotion and join exibition (SCM4).
Moderating Effect 1	=	Constructs of integrated partnership networking supply chain management (SCM) and Capital CSR programs.
Moderating Effect 2	=	Constructs of integrated partnership networking supply chain management (SCM) and Training CSR programs.

5. Results and Discussion

5.1. Description of variables

This study aims to analyze the relationship between CSR programs with the recipient SME CSR performance. The CSR program is realized in the form of capital assistance, equipment, and training assistance. While the performance of the recipient SME CSR program number of reasons, which include: the performance of marketing, human resources performance, production performance and financial performance (Carroll, 1999). Measurement of various dimensions and indicators using a scale (1-5), where a score of 1 = strongly disagree and score 5 = strongly agree. Measurement result against various indicators are then averaged. On average each of the indicators, classified into 3 groups as follows:

Group 1: Score (1.00 to 2.33) = "Low"
Group 2: Score (2.34 to 3.66) = "Medium"
Group 3: Score (3.67 to 5.00) = "High"

CSR program effectiveness measurement results and the performance of SMEs from the perspective of beneficiaries of CSR programs, namely enterprises SMEs.

5.1.1. CSR in the Capital Assistance

Partnership networking between large enterprises and SMEs in form of corporate social responsibility (CSR) program have been distributed in various ways. One of them is the capital assistance. The shape of benefit from CSR program is measured using the indicator's, there are; competitive of cost of capital, adequate in quantity of capital asisstence, a little amont of requirement in process, and provision of capital assisstance. From the measurement results to the results obtained capital CSR program, which can be seen in table 5.1.

Table 5.1. CSR Capital assistance received SMEs

Indicator	The average score per indicator
Cost of capital (CSR-Cap1)	3:39
Quantity of capital assistance (CSR-Cap2)	3:48
Terms and Conditions in the Process (CSR-Cap3)	3:53
Provision of Capital Assistance (CSR-Cap4)	3.63
The overall average indicator	**3.51**

5.1.2. CSR in the Form Training

CSR programs are often manifested in the form of training programs. Training can be done in the form of exercise entrepreneurship, production training, financial management training and training in the field of marketing. The training program is expected to improve the ability of SMEs in business management. The effectiveness of the training program is measured using indicators, which include: the suitability of the training materials, the ability of coaches in providing materials, training methods are attractive, and training materials can be applied. From the measurement results of the CSR programs in the form of training programs according to the perception of aid beneficiaries (SMEs) result, can be seen in table 5.2.

Table 5.2. Expediency CSR Training received help SMEs

Indicator	The average score per indicator
Appropriate contens (CSR-Trn1)	3.33
Quality of instructor (CSR-Trn2)	3.43
Training methods (CSR-Trn3)	3.49
Applicative ouput (CSR-Trn4)	3.56
The overall average indicator	**3.45**

The table shows that the average score of the CSR program in the form of training for managers of SMEs rock of 3.45. This suggests that training programs help provide sufficient benefit relative to SMEs. The analysis showed that sufficient training assistance program in accordance with the requirements, qualified instructors were, quite good training methods, and training materials are quite applicable.

5.1.3. Marketing Performance of Beneficiaries' SMEs

Indicators of successful management of SMEs one of which can be demonstrated by the performance of marketing. The success of marketing performance is measured using indicators, which include: an increase in sales volume, an increase in the sales area, and increased market share. From the results of measurement of marketing performance of SMEs get the CSR program, can be seen in table 5.3.

Table 5.3. Beneficiaries SME Marketing Performance CSR

Indicator	The average score per indicator
Continuity of growth sales (Marketing1)	3.31
Growth of market share (Marketing2)	3.14
More spread of market area (Marketing3)	3.03
The overall average indicator	**3.16**

The table shows that the average score of the marketing performance of SME beneficiaries CSR program at 3.16. This shows that the marketing performance of the recipient SME CSR program in the category of being. The results showed that the increase in marketing, increased market share and increased marketing area being. The highest increase is mainly the increase in sales volume.

5.1.4. Financial Performance of Beneficiary's SMEs

The most important success of SMEs indicated by financial performance. The financial performance is measured using indicators, which include: earnings, the return on investment (ROI) and profit margin. From the results of taking the measurements on the financial performance of SMEs receiver of CSR can be seen in the Table 5.4.

The table 5.4 shows that the average score of the financial performance of SME beneficiaries CSR program at 3.71. This shows that the production performance of the SME beneficiaries of CSR programs in the high category. The results show that SME beneficiaries CSR program can generate increased profits, investment returns and Traffic capabilities generate high profit margins. The highest financial performance, especially shown by the ability of investment returns. Likewise, the ability to generate profits and profit margins also in the high category.

Table 5.4. Financial performance of SMEs Beneficiaries of CSR

Indicator	The average score per indicator
Profit growth (FinPerf1)	3.63
ROI progress (FinPerf2)	3.84
Profit margin achiement (FinPerf3)	3.67
The overall average indicator	**3.71**

5.1.5. Marketing Performance-Based on Partnership Networking of SCM

Sustainability of CSR combine with partnership networking of SCM also have an impact on marketing performance. The more appropriate CSR program as indicated by partnership networking of SCM, then will be better to marketing performance. This is indicated by the appropriate type of SMEs as a beneficiaries of CSR program with the type of business are realized with the CSR provider of supply chain management, the tendency has high performance of SME marketing. Relations CSR program conformity with marketing performance can be seen in table 5.5.

Table 5.5. *Crosstab* Integrated Marketing Performance with SCM

Marketing performance	Non SCM		SCM		Total	
	amount	%	amount	%	amount	%
Low	18	25.71	4	9.76	22	19.82
moderate	22	31.43	11	26.83	33	29.73
High	30	42.86	26	63.41	56	50.45
Total	70	100	41	100	111	100

From the table the SMEs that have compatibility type of business or supply chain management relationship that has a high marketing performance, as much as 63.41%. Whereas SMEs that do not have this type of business with the giver appropriated CSR has high marketing performance, as much as 42.86%. This means that CSR receivers that do not fit tend to have lower marketing performance.

5.1.6. Financial performance-based Compliance with CSR Program

Sustainability of CSR program also have an impact on financial performance. The more appropriate CSR program as indicated by the SCM, the financial performance will be better. This is indicated by the appropriate type of SME beneficiaries CSR program with the type of business are realized with the CSR provider of supply chain management, the tendency of financial performance of SMEs that frequency. CSR program suitability relationship with financial performance can be seen in table 5.6.

Table 5.6. *Crosstab* Financial performance is integrated with SCM program

Financial performance	Non SCM		SCM		Total	
	amount	%	amount	%	amount	%
Low	3	4:29	1	2:44	4	3.60
moderate	29	41.43	11	26.83	40	36.04
High	38	54.29	29	70.73	67	60.36

Total	70	100	41	100	111	100

From the table the SMEs that have compatibility type of business or the relationship of supply chain management that have high financial performance, as much as 70.73%. Whereas SMEs that do not have this type of business with the giver appropriate CSR to financial performance as much as 54.29%. This means that CSR receivers that do not fit tend to have lower financial performance.

5.2. Analysis of Results

This study uses structural equation modeling (SEM) by designed with the technique of partial least square method (PLS). It is usually done in three stages, namely (Hair Jr et al., 2014):

i. Test the quality measurement (outer model) a reflective-dimensional construct, through indicators: convergent validity, discriminant validity, and unidimensionality.

ii. Test accuracy/robust modeling (inner model), which is an indicator of the feasibility and accuracy of a structural model was built. Inner evaluation model can be seen from several indicators which include: the coefficient of determination (R^2), predictive relevance (Q^2), and the goodness of fit index (GoF).

iii. Significance test model / hypothesis testing, where testing is done by looking at the probability value and t-statistics. For a probability value, where the p-value with an alpha of 5% is less than 0.05. Value T-table for alpha 5% was 1.96. So that the criterion does not reject a hypothesis when the T-statistic is larger than the T-table.

5.2.1. Test of Measurement Quality (Outer Model)

Validity discriminant, this value is the value of cross loading each factor to its factors. Measurement is useful to know whether the construct has sufficient discriminant to be variable. How this is done by comparing the loading factor on the constructs intended to be greater than the value of the loading factor on the other constructs. Analysis outer specify the model of the relationship between latent variables with the indicators that are reflective, Table 5.7. Shows that the loading of each item against its construct is greater than the value of cross-loading. From the analysis of cross-loading appears that there are no problems of discriminant validity.

Table 5.7. Discriminant validity with cross loading

	Capital CSR	Training CSR	Marketing Performance	Financial Performance	Management_ Supply Chain (SCM)
CSR-CAP1	**0742**	0596	0564	0597	0296
CSR-Cap2	**0847**	0703	0665	0753	0487
CSR-Cap3	**0883**	0880	0824	0877	0543
CSR-Cap4	**0865**	0668	0664	0705	0422
CSR-Trn1	0711	**0883**	0824	0787	0458
CSR-Trn2	0831	**0913**	0839	0876	0506
CSR-Trn3	0835	**0.920**	0833	0870	0552
CSR-Trn4	0763	**0924**	0851	0864	0531
Marketing1	0765	0872	**0896**	0858	0540
Marketing2	0727	0765	**0853**	0731	0537

Marketing3	0674	0779	**0885**	0757	0504
FinPerf1	0774	0808	0760	**0885**	0566
FinPerf2	0718	0793	0773	**0864**	0516
FinPerf3	0864	0879	0843	**0911**	0548
SCM1	0447	0477	0535	0509	**0784**
SCM2	0422	0443	0426	0488	**0763**
SCM3	0369	0389	0434	0411	**0753**
SCM4	0405	0422	0448	0476	**0787**

Assessment of the structural model, at a later stage, is to look at the correlation coefficient between the exogenous variables (exogenous variables) against endogenous variable (endogenous variables). The results of the analysis addressed the relationship between the variables in the model correlated positive and strong enough to do characterized by a correlation value above 0.6, as shown in the following table:

Table 5.8. The Result of Assessment of Final Stage Latent Variable Correlation

	Capital CSR	Financial Performance	Marketing Performance	Moderating Effect _ (CSR-Trn * SCM)	Moderating Effect _ (Capital CSR * SCM)	Management_ Supply Chain (SCM)	CSR training
Capital CSR	1						
Financial Performance	0888	1					
Marketing Performance	0823	0894	1				
Moderating Effect 1	0652	0077	0679	1			
Moderating Effect 2	0563	0585	0742	0892	1		
Supply Chain Management	0534	0613	0648	0682	0582	1	
CSR training	0864	0933	0921	0541	0622	0563	1

Table 5.9. Convergent Validity refers to the measurement. From the table all these indicators of the entire variable value above 0.7. Thus, the measurement tool of all indicators of latent variables (constructs) are valid. Composite Reliability. Data that has composite reliability> 0.7 have a high reliability. Test reliability with Cronbach Alpha strengthened. Expected value> 0.6 for all constructs.

To ensure that no problems related to the measurement of the final step in the evaluation of the model is tested unidimensionalitas outer of the model. Unidimensionality test done using Composite indicator of reliability and Cronbach's alpha. For both indicators point cut-off value is 0.7.

Table 5.9. The Result of Composite Reliability Assessment
With Cronbach's alpha, rho A, and AVE

	Cronbach's Alpha	Rho A	Composite Reliability	Average Variance Extracted (AVE)
Capital CSR	0855	0874	0902	0799

Financial Performance	0864	0868	0917	0786
Marketing Performance	0852	0857	0910	0771
Management_ Supply Chain (SCM)	0775	0778	0855	0796
CSR training	0931	0932	0951	0829

As for the test multicollinearity by using the variance inflation factor/VIF. If the VIF value of less than 10 can be said that among the independent variables does not happen a strong correlation. The results of calculations with PLS indicates that all VIF index of less than 10. By accordingly, there was no multicollinearity between the independent variables in the model.

Table 5.10. The Result of Assessment of Multicollinearity Test

	Financial Performance	Marketing Performance
Capital CSR	4,230	3,985
Marketing Performance	7247	
Moderating Effect _ (CSR-Trn * SCM)	6247	
Moderating Effect _ (Capital CSR * SCM)	6073	
Management_ Supply Chain (SCM)	1,841	1484
CSR training	9117	4,169

5.2.2. Robust Test (Inner Model)

R-square value is shown by Table 5.11. The coefficient of determination *(R²)* to the variable performance of marketing and financial performance of each of 0858 and 0909. Thus, the dependent variable can be explained by the independent variables more than 80 percent. Meanwhile, the predictive value of 0.987 relevance or by 98.7 percent. *Q² (predictive relevance)* is one of the measurements in the inner models. With a score of 98.7 percent. Amount of *Q²* value it can be concluded that the model is very good.

Table 5.11. R2, Adj-R2, and Predictive Relevance *(Q²)*

	R2	adjusted R2	*Q2*
Marketing Performance	0858	0854	Q2 = 1- (1-R21) (1-R22)...... (1-R2N)
Financial Performance	0909	0904	Q2 = 1 - (1-0909) (1-0858)
			Q2 = 0.987

To measure the inner next model is to use the Goodness of Fit Index (GoF) where the terms of a good model is a value between 0 <GoF <1. The closer the value the better. This model is the GoF at 0.870. This figure includes very good for goodness suits their size (Goodness of Fit) for an empirical test model.

Table 5.12. The Result of Goodness of Fit (GoF) Test

	Communality	*Average Communality*	*R-Square*	*Average R-Square*
Capital CSR	0834			

CSR training	0910			
Marketing Performance	0878	0856	0858	0.8835
Financial Performance	0887		0909	
Supply Chain Management (SCM)	0772			

$$Goodness\ of\ Fit\ (GoF) = \sqrt{Average\ Communality\ x\ Average\ R\_Square}$$
$$= \sqrt{0.856\ x\ 0.8835}$$

$$Goodness\ of\ Fit\ (GoF) = 0870$$

5.2.3. Hypothetical Testing

Broadly, explanatory research method is a method of using the PLS approach. This is due in this method their hypothesis testing. Test the hypothesis can be seen from the value of t-statistics and probability value. To test the hypothesis using the statistical values for the alpha 5% of the t-statistic used is 1.96. So, the criteria acceptance or rejection hypothesis is Ha accepted and H0 is rejected when the t-statistic> 1.96. To reject / accept the hypothesis using the probability Ha accepted if ρ <0.05.

Table 5.13. Assessment of Hypothetical Testing

	Original Sample	St Dev	t Statistics	ρ Values
Direct effect				
Capital CSR ➔ Marketing Performance	0.194	0.071	2.732	0.0093
Capital CSR ➔ Financial Performance	0.290	0.087	3.333	0.0019
Moderating Effect (Capital CSR * SCM) ➔ Financial Performance	0.178	0.084	2.119	0.0403
CSR training ➔ Marketing Performance	0.474	0.228	2.079	0.0441
CSR training ➔ Financial Performance	0.514	0.196	2.622	0.0123
Moderating Effect (CSR-Trn * SCM) ➔ Financial Performance	0.189	0.074	2.554	0.0146
Marketing Performance ➔ Financial Performance	0.231	0.068	3.397	0.0016
Supply Chain Management (SCM) ➔ Marketing Performance	0.114	0.044	2.591	0.0133
Management_ Supply Chain (SCM) ➔ Financial Performance	0.177	0.064	2.766	0.0086
Indirect effect				
Capital CSR ➔ Financial Performance	0.054	0.024	2.250	0.0300
CSR training ➔ Financial Performance	0.279	0.099	2.818	0.0075
Supply Chain Management (SCM) ➔ Financial Performance	0.327	0.115	2.843	0.0070

The whole hypotethical testing is rejected H_0; thus, all the exogenous variables and the independent variables were significantly positive effect by alpha below 5 percent. Thus, the role of CSR programs that are integrated with the cooperation of supply chain management (SCM) to be important in improving marketing performance and financial performance for SMEs that beneficiaries CSR from large nation-wide companies, both private and state-owned (SOEs.

5.3. Discussion

CSR programs integrated with partnership networking supply chain management proved crucial implemented to improve the performance of small and medium enterprises. These results prove that the integrated supply chain partnership networking with CSR programs will form a force in shaping the optimal coordination of cooperation in improving the company's performance beneficiaries CSR, and at the same time social and environmental impacts for all partners in the supply chain system.

The research findings are in line with research conducted Wang (2012) and Maldonado-Guzman et al. (2016) where the research results show that the level of participation in the program of investment integrated with CSR efforts for the suppliers is a form of contract clause of business that are important and which can improve coordination through partnership networking in chain management supply.

The results of this study also strengthen the argument that integrated CSR (so*cial corporate responsibility)* needs to be done, considering all the benefits to stakeholders widely. Thus, the integration of CSR and its partnership networking between the company SCM providers with Vendor beneficiaries CSR can make a real contribution that is more long-term and productive at the same impact for the parties involved in a more optimal, as suggested by Nikolova and Arsić (2017).

Supply Chain performance for SMEs will be a key indicator of overall firm success in the upcoming period and center advantage when expanding markets and competing with low cost competitors (Kherbach & Mocan, 2016). SMEs with efficient logistics and SCM will be able to maximize their success and improve their competitiveness performance. The large enterprises, have developed logistics and SCM systems, could to boost as partnership network for SMEs for helping their developing business.

6. Conclusions and Recommendations

Empirical research on the impact of the implementation of CSR programs, has been mainly focused on the CSR giver firm side. It has been a lot of research that explains the positive impact of CSR on the performance and increase the reputation of the company's giver CSR. However, a study of the impact on the beneficiaries CSR has not been so widely studied. Given the limitations of the reference library and the results of research in previous research that are simulated using statistical techniques SEM-PLS approach variance based-SEM generate empirical findings that CSR programs that are integrated with partnership networking of supply chain management (SCM) could be significant and positive impact on the performance of company's beneficiaries CSR.

However, because this is still a limited development studies which support previous research which is still limited, the future of this research needs to be improved weight and depth studies. This can be done by developing a CSR impact not only on the performance of marketing and finance, but the performance of human resources and production performance. Spectrum and coverage of sample also need to consider using a sample of small and medium enterprises (SMEs) in various industries and in various countries. So, the impact of CSR can be examined more widely not only just on the side of the beneficiary enterprise productive economic dimension but to increase the participation of companies in the CSR beneficiaries contribute a positive impact for the community's at large meaning.

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