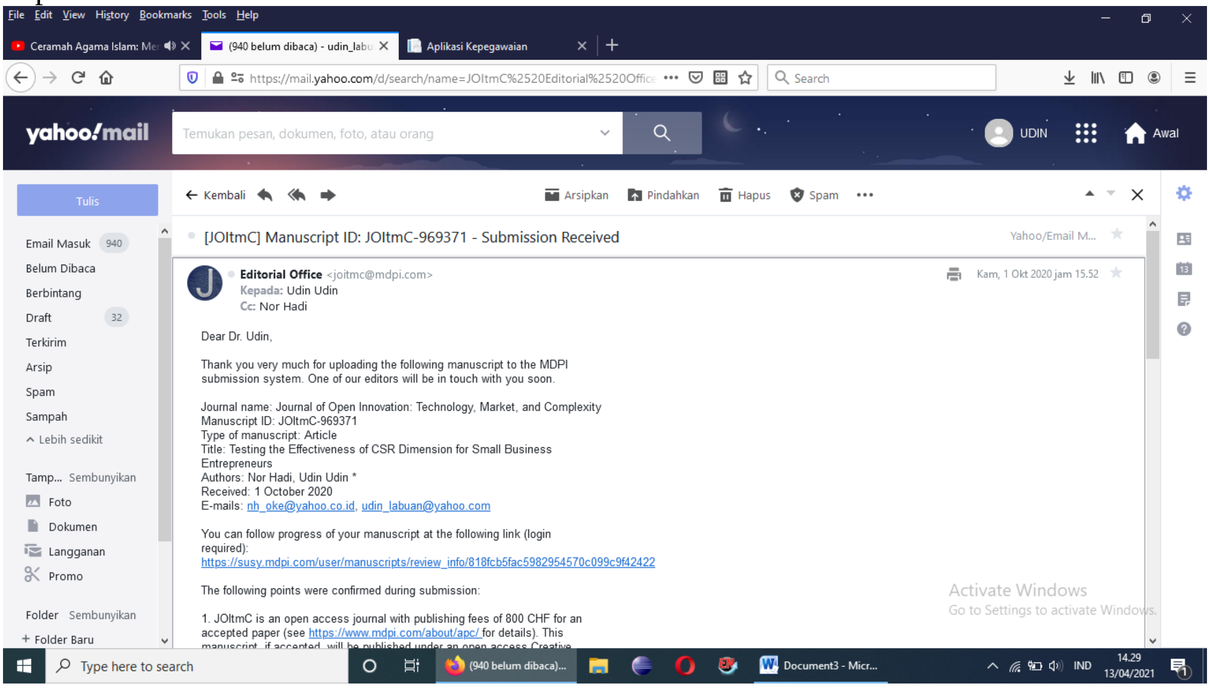
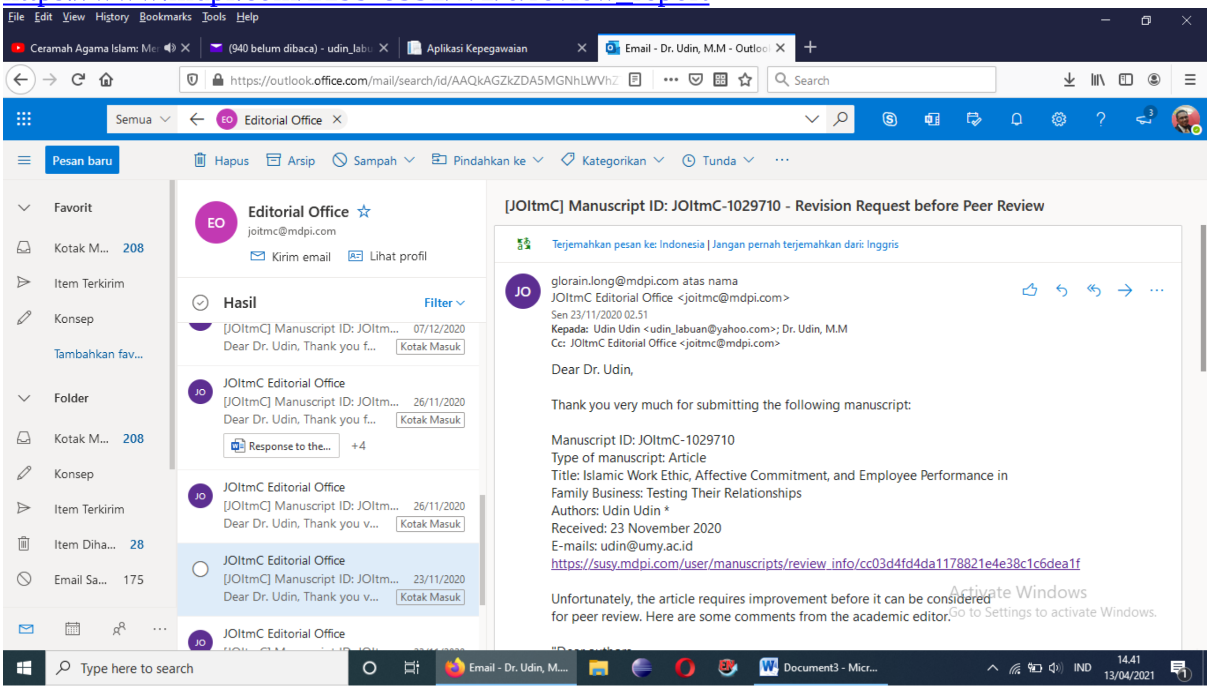
Paper Submission → 1 Oktober 2020



Revision → 23 November 2020, 26 November 2020, 7 Desember 2020, 13 Desember 2020, https://www.mdpi.com/2199-8531/7/1/6/review_report



Response to Reviewer 1 Comments

Point A: I suggest to include a new topic in your paper, about CSR dimension - as brief literature review (new topic 2.3.). I suggest to INCLUDE the following 'new' papers, especially the papers from 2016-2019 :-) (all of these papers are top papers in SSCI & Scopus journals).

Response A: I have included new articles to support the development of the CSR dimension as suggested

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Point. B: Please explain, why you decide to use Cement factory. Is there are any specific element in this industry?

Response B: The data used in this study were primary data, namely respondents' opinions regarding CSR's dimensions that were effective for SMEs' assistance. Research respondents were SMEs who were assisted by Cement companies in Central Java and East Java in Indonesia. Out of 250 SMEs, 92 SMEs involved in this study. To collect data, surveys and interviews with respondents were employed. The research instrument was developed in accordance with the contextuality of the locus based on the concept of CSR by Carroll (2016).

Point. C: In Abstract, you write: The number of respondents was 250 SMEs, with a response rate of 92 9 respondents ... it's not clear what is your SAMPLE.

Response C: I have improved the abstract of my paper.
This article is intended to test the effectiveness of the CSR dimension of assistance to SMEs under companies' guidance of Semen Indonesia in Central and East Java empirically. Corporate Social Responsibility (CSR) implementation for Small Business Entrepreneurs (SMEs), besides as a social contract implementation, is also an effort to increase legitimacy. This study is essential to obtain effective and relevant CSR dimensions recommended for the SME empowering program. The study was conducted at SMEs domiciled around the mining area and the Cement factory. Out of 250 SMEs, 92 SMEs involved in this study. The research data was primary, including respondents' opinions, where the data were taken using survey and interview procedures. Data analysis using statistics was a factorial analysis. The results showed that of the eight programs included in CSR in the field of assistance for empowering SMEs, two were effective for empowering SMEs: (1) low-cost revolving funds and (2) production equipment assistance for SMEs. Meanwhile, six other CSR programs showed ineffectiveness: (1) mentoring, (2) marketing, (3) ease of procedure and relief of loan terms, (4) education and training, (5) accessibility of obtaining loans, and (6) the involvement of parties in the implementation of CSR. It indicated that the six CSR programs were not effective in helping to build image and legitimacy. The results of the research make an important contribution to the government and corporations, that the construction of CSR programs must attention to the real conditions and needs of SMEs, in order to achieve effectiveness in solving problems by SMEs. Especially for the government, it needs regulations that can systemically encourage companies to implement CSR. This research still has limitations, therefore, further research is to develop especially in the area of empirical testing related to the contextual dimensions of CSR that are relevant to assisted stakeholders. development-based research should be considered.

Point. D: Use this paper in explain Legitimacy theory:

Mousa, G. & Hassan, N. T. (2015). Legitimacy theory and environmental practices: Short notes. *International Journal of Business and Statistical Analysis, 2(1)*, 41-53.

Response D: I have added the article of Mousa, G. & Hassan, N. T. (2015) to explain the legitimacy theory.

The existence of the company amid a wider community environment raises many problems. The negative impact of a company's operations cannot be avoided, while stakeholders directly or indirectly must bear the burden of externality costs. From there, the potential for stakeholder claims to companies is very high. Moreover, due to the development of science and civilization raises awareness that the earth must be managed with attention to the sustainability of future generations, the demands for companies to obey and comply with the rules, and ethical management cannot be denied (Tilling, & Tilt, 2010; Deegan, 2002; De Villiers & Maround, 2018; Haniifa & Cooke, 2010; Mousa & Hassan, 2015).

To explain the logic of stakeholder relations with the company in legitimacy theory, it is necessary to have a similarity between company expectations and community expectations when the company is in the community. This common hope can be realized with the company's attention and responsiveness in the form of CSR assistance (Belkoui & Karpik, 1989; Hadi. Nor & Hanifah, 2018; O'Donovan, 2002; Deegan, 2002; Maryline et al., 2017; Meyer et al., 2017; Mousa & Hassan, 2015. Legitimacy theory offers the concept of how corporate governance is more friendly in terms of attracting hearts and empathy to stakeholders over the existence of the company (Mobus, 2005; Owen, 2008; Deegan, Rankin, and Voght, 2000; O'Donovan, 2002; Suchman, 1995; Mousa & Hassan, 2015) that can be done with the effectiveness of CSR assistance by corporations (Jenkins, 2009; Karen Delchet & Linh-Chio, 2012).

Point E: It is necessary to explain, why you use Carroll concept? It's OLD concept ... 1999? Ok, if you use it, you need to explain specific part of this concept.

Response E: I have improved the old Carroll concept (1999) with the new Carrol concept (2016) in explaining the concept of CSR

This study refers to the concept of Carroll (2016) to explain CSR, which explicitly breaks down the demarcation of corporate responsibility, including its dimensions. Carroll (2016) developed the concept of CSR ".............. encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time." According to Carroll, there are four corporate responsibility groups for its operations: economic, legal, ethical, and philanthropic, which can be used as a reference for company operations.

Point F: Topic 5 is not Discussion - Topic 5 is Empirical results of factor analysis

Response F: I have improved the discussion of the study

Although CSR implementation for SMEs assistance experiences development, it seems that it has not been comparable yet to the environmental development CSR program intended for community and environment. Judging from the proportion, composition, and implementation strategy of CSR intended for SMEs, it is more limited than CSR for the community and environment.

In Indonesia's case, the type of CSR aimed at dead-end SMEs was wrapped in a partnership CSR program. In its implementation, the partnership program was grouped into two forms: (1) low-cost revolving funds with easy and simple procedures and requirements, and (2) various forms of assistance in the framework of empowering, such as marketing, production, tool assistance, management, and the kind.

The results of calculating the CSR assistance grade for SMEs showed low effectiveness. All CSR implementation programs with various dimensions had values below 62.50, although there were a number of dimensions/activities of CSR programs that had moderate grade values (see Table 3). Although the average grade of the effectiveness of Partnership program CSR assistance for SMEs was moderate, it is necessary to have these dimensions tested or proven to be effective as an assistance program for SMEs. The following table 3 explains the results of the factor analysis to see the level of effectiveness of the dimensions and CSR activities that have been implemented by the company.

Table 3. Results of Factor Dimensions of Effectiveness of CSR for HINs and SMEs

Dimension	KMO	BTS Sig.	Dimension / Dropped Factors	%Var. Eigen-values	Dimension/ Success Factors	Level of Effectiveness
Revolving fund Equipment	0.473	0.857	-	1: 35.11 2: 35.05	1: Q2, Q1 2: Q3	70.16
Accompaniment Marketing	0.449	0.186	-	1: 39.38 2: 35.55	1: Q4, Q6 2: Q5	74.93
Credit Terms	0.585	0.034	Q10	1: 36.69	1: Q7, Q9, Q11, Q8	36.69
education and training	0.559	0.000	Q15	1: 50.71	1: Q14, Q12, Q13	50.71
Accessibility	0.500	0.879	Q18	1: 36.22 2: 33.33	1: Q17, Q16 2: Q19	69.55
Revolving fund	0.510	0.678	Q22, Q24	1: 37.96	1: Q23, Q20, Q21	5.23
Equipment Accompaniment	0.550	0.572	Q30	1: 27.27 2: 20.21	1: Q26, Q29, Q27 2: Q28, Q25	74.48
Marketing	0.562	0.204	Q34, Q33	1: 42.34	1: Q35, Q31, Q32	42.34

The results of the above factorial analysis calculations (see Table 3) provide empirical evidence of the effectiveness of CSR dimensions (activities), namely the Partnership program for SMEs around the mining area and the Cement plant in Indonesia. The Partnership Program (CSR) was broken down into eight CSR programs: low-cost revolving fund assistance, production equipment assistance, provision of assistance, marketing assistance, application of terms with simple and easy procedures, providing education and training, providing accessibility equitable and fair, and the involvement of other parties in the implementation of CSR. Each of the CSR programs was then broken down into CSR dimensions/activities.

Each of these dimensions/activities showed a grade of moderate effectiveness and had a different correlation. In fact, some of the dimensions/CSR activities were not effective in helping SMEs. For ineffective dimensions, it means that it was not significant enough to build legitimacy, image, and alleviate SMEs. To provide a more detailed description, it is discussed as follows:

5.1 Low-Cost Revolving Fund Assistance for SMEs

Limited capital and access to capital are problems that are often faced by SME actors. Providing loans with low interest and simple procedures are relevant ways to help them. The interview results showed that the scheme of low-cost revolving funds turned out to be the hope of micro-entrepreneurs and became an alternative or solution to solve the problem of limited capital.

There were three dimensions of low-cost revolving fund CSR programs developed in this study: (1) low-interest rates (Q1); low rate of return (Q2); and (3) relatively long maturity period of return, so it did not burden micro-entrepreneurs (QEs) (Q3). The results of the calculation of the factor analysis showed that CSR revolving funds were low-cost, with various dimensions that were less effective. Significant effectiveness of low-cost revolving fund assistance was indicated by the value of KMO 0.473 above alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.857, which was above alpha 0.05. It means that low-cost revolving funds, low returns, and loan repayment periods were not effective in building the image and legitimacy of SMEs.

The results of the calculation of factor analysis also showed that of the three dimensions of low-cost loan assistance, all dimensions showed effective with an effectiveness value of 70.17. However, in total, low-cost financial assistance was **insignificant or less effective** at building an image for micro-business (SMEs). Ineffectiveness occurred because (1) there were limitations to accessibility so that it seemed unfair; (2) there was a limitation on the frequency of lending. It is what often creates a sense of dissatisfaction and not a good stigma for the corporation. The provision of revolving funds with a low cost of capital needs to be adjusted to the real needs of SMEs with no restrictions so that SMEs have the flexibility to strengthen their capital structure.

5.2 Equipment Assistance for SMEs

CSR assistance in the form of production equipment for micro-entrepreneurs (SMEs) is intended to increase economies of scale in the production process, service delivery, and distribution process. Production equipment assistance for SMEs was broken down into three dimensions/CSR activities: (1) production equipment assistance (Q4); (2) production system assistance (Q5); and (3) delivery system assistance (Q6). The results of the calculation of factors for the three dimensions indicated that the three dimensions were effective or measured the equipment assistance with an effective level of 74.39. Nevertheless, the results of the calculation of the factor analysis showed that the KMO value of 0.449 was above alpha 0.05, and the value of the Bartlet Test of Sphericity was 0.186 above alpha 0.05. It means that equipment assistance (production equipment assistance, production systems, and delivery systems) was not effective in helping the problems faced by SMEs. The assistance was also less effective in helping to increase legitimacy and image. For respondents, equipment assistance was not considered a form of CSR assistance that was part of the company's responsibility for micro-entrepreneurs (SMEs).

Equipment assistance in the form of production equipment, production systems, and delivery systems does not mean that it is not essential, but the provision of assistance must pay attention to the suitability of the type and needs of the equipment needed. Likewise, when providing assistance, it should adjust the contextual needs and contextuality of the assisted SMEs. The pattern of providing equipment assistance with the packaging system from corporations is often not in accordance with the needs and skill level of SEMs. In fact, sometimes, the qualification of the aid tool is too good, exceeding the supposed needs of SMEs. That thing makes the utilization of the tools less optimal.

5.3 SMEs Assistance

Assistance is an appropriate way of empowering SMEs. In assistance, communication processes occur and act together so that the process of internalizing the problems and limitations of SMEs can be identified, monitored, and find solutions quickly and accurately. Assistance occurs in the learning process, the transformation of knowledge, and experience in business management. In this study, the SMEs assistance program was reduced to five dimensions/CSR activities: (1) marketing assistance (Q7); (2) production assistance (Q8); (3) bookkeeping assistance (Q9); (4) tax assistance (Q10); and (5) assistance in obtaining a business license (Q11).

The results of the calculation of factorial analysis to see the effectiveness of the dimensions of the mentoring program showed that of the five dimensions/activities, four dimensions showed effective, including (1) marketing assistance (Q7); (2) production assistance (Q8); (3) bookkeeping assistance (Q9); and (4) business license assistance (Q11), with an effectiveness grade of 36.69, while the tax assistance dimension (Q10) showed that it was not effective as a CSR program.

The factorial analysis calculation results also showed that CSR assistance in the form of assistance to SMEs, whether in the form of marketing, production, bookkeeping, taxation assistance, and business permit processing, was effective as a CSR program for empowering. It was indicated by the KMO value of 0.585 under alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.034, which was above alpha 0.05. It means that the assistance provided ample space for micro-businesses to improve their production, marketing, and managerial capabilities. Respondents argued that CSR activities in the form of assistance provided great benefits for empowering because micro-entrepreneurs felt helped and resolved the business management problems they have been facing.

5.4 Marketing Assistance for SMEs

The marketing problem for micro-entrepreneurs (SMEs) is a classic problem that always arises. Micro businesses, in general, face the same limitations when faced with market share due to lack of marketing reach, marketing fleet limitations, limited promotional costs, limited market access, and many other factors that become constraints when developing market share. In this study, CSR marketing was broken down into four dimensions/CSR activities: (1) product exhibition assistance and facilitation (Q12); (2) free or low-cost joint promotion assistance (Q13); (3) assistance with setting up galleries for displaying SMEs products (Q13); and (4) marketing & distribution incentives for SMEs products (Q15).

The results of the factorial analysis calculations to see the effectiveness of the dimensions/CSR activities of marketing facilitation programs for SMEs showed that of the three dimensions of CSR marketing was effective: (1) product exhibition (Q12); (2) joint promotion (Q13); (3) gallery assistance (Q13), with an effectiveness grade of 50.71. Meanwhile, one dimension of CSR marketing, the marketing and distribution incentives (Q15), showed that it was **ineffective**.

The factorial analysis calculation results also showed that CSR assistance in the form of marketing assistance for SMEs was effective as a CSR program for empowering. It was indicated by the KMO value of 0.559 under alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.000, which was below alpha 0.05. It means that marketing facilitation assistance provided an acceleration of expanding market share, introducing products, and increasing sales of assisted SMEs actors. However, especially for assistance in the form of marketing and distribution incentives that are less effective, SMEs have a local market share, which is easily accessible with conventional distribution patterns.

5.5 Ease and Simplification of Credit Requirements for SMEs

The ease or simplification of the procedure for granting credit to SMEs is wise and helps ease the burden when applying for credit. SMEs generally have limited ability, limited loan requirements, and psychological limitations. To recognize the conditions of limited loan requirements, CSR implementation is intended to simplify the loan procedures and terms. In this study, the dimensions of ease, relief, and simplification of terms and processes for loan applications were broken down into four CSR dimensions/activities: (1) fast credit process (Q16); (2) light requirements (Q17); (3) easy/uncomplicated process (Q18); (4) simple procedure (Q19).

The results of the calculation of factorial analysis to see the effectiveness of the dimensions of CSR classified in the ease and simplification of the requirements for applying for loans to SMEs showed that of the four dimensions, three were effective: (1) fast credit process (Q16); (2) light requirements (Q17); and (3) simple procedure (Q19). Meanwhile, one province, a straightforward/uncomplicated process (Q18), showed **ineffective** (see Table 1).

The factorial analysis calculation results also showed that CSR assistance in the form of convenience and simplification of credit application requirements for SMEs was **ineffective** as part of CSR activities for empowering. It was indicated by the KMO value of 0.550 above alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.879, which was above alpha 0.05. SMEs believed that the ease and simplification of loan procedures and conditions were not part of the CSR element. The activity did not have an element of assistance in the sense of giving that could be enjoyed. SMEs did not understand that CSR elements, such as ease of assistance, were not considered CSR assistance. SMEs think that the ease and relief of credit terms help them obtain loans, but this is not considered a form of CSR.

5.6 Education and Training for SMEs

Improving the capacity of SME governance is an essential part of microbusiness activists. There is no exception for corporations in the Cement industry that helping improve SMEs' business governance capabilities is also a concern. The effectiveness of education and training activities for SMEs in this study was broken down into four dimensions/CSR activities: (1) marketing training (Q20); (9) production training (Q21); (3) distribution training (Q22); (4) bookkeeping & accounting training (Q23); (5) employment training (Q24).

The results of the factorial analysis calculations to see the effectiveness of the dimensions of the education and training program indicated that of the five dimensions/CSR activities, three of them were effective, while the other two dimensions showed not effective. The three dimensions of CSR effective education and training programs were (1) marketing training (Q20); (2) production training (Q21); and (3) bookkeeping & accounting training (Q23). Meanwhile, the ineffective dimensions of education and training were (1) distribution training (Q22); and (2) employment training (Q24).

The factorial analysis calculation results also showed that CSR assistance in education and training activities for SMEs was **ineffective** for empowering. It was indicated by the KMO value of 0.510 above alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.678, which was above alpha 0.05. It means that education and training assistance did not contribute enough to remind SMEs businesses and did not encourage the building of SMEs' image and legitimacy towards companies. It seems that the two dimensions (marketing and production training) are ineffective because according to the respondents, the two types of dimensions do not match real needs. The business-assisted SMEs are still small in scale, so they do not need modern marketing and production patterns. The scale of demand is limited, and the broad scope of marketing is limited, the production system and production capacity are limited. Meanwhile, marketing and distribution are still possible to do conventionally.

5.7 Low-Cost Accessibility for SMEs

Accessibility or ease of access to obtain low-cost loan funds from corporate CSR funds is the hope of many SMEs. The ease of access provides solutions for micro-businesses in overcoming the problem of capital difficulties. The dimensions of CSR in providing easy access (accessibility) to obtaining low-cost loans were broken down into six dimensions/CSR activities: (1) providing opportunities for all parties (Q25); (2) was fair to all parties (Q26); (3) there were no exceptions (Q27); (4) invalid zone (Q28); (5) easy information (Q29); (6) there were no restrictions on the type of business (Q30).

The results of the factorial analysis calculation to see the effectiveness of the dimensions of the low-cost loan fund accessibility program indicated that of the six dimensions/CSR activities, five of them were **effective**, while one dimension showed **not effective**. The five dimensions of the CSR program in granting ease of access (accessibility) in obtaining loan funds were (1) providing opportunities for all parties (Q25); (2) was fair to all parties (Q26); (3) there were no exceptions (Q27); (4) invalid zone (Q28); (5) easy information (Q29). The ineffective dimension was that there were no restrictions on the type of business (Q30). The dimension of limiting the type of business in granting loans was not effective because, in the field, corporate gave special attention or treatment to SMEs that had similarities to the corporation's main business. It was done with the intention of the emergence of giving and taking between SMEs and corporations.

The factorial analysis calculation results also revealed CSR assistance in the form of granting access (accessibility) obtaining low-cost loan funds for SMEs to be **ineffective** for empowering. It was indicated by the KMO value of 0.550 above alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.572, which was above alpha 0.05. It means that the ease of access to access to low-cost loan funds did not improve the SMEs' business and did not encourage SMEs to build an image and legitimacy of the company. According to informants, according to the size and production capacity, SMEs do not need a large loan amount. The need for funds for operations is still low, so what is needed is accessibility to obtain easy and cheap loans with a fast process.

5.8 Involvement of External Parties for Empowering SMEs

The implementation of corporate CSR often involves third parties, such as NGOs, Higher Education, and other micro-business entrepreneurs. It was also done by companies in the Cement industry when CSR implementation involved community leaders, local government leaders, NGOs, and other activists. The third-party involvement dimension was broken down into five dimensions/CSR activities: (1) Collaboration with universities (Q31); (2) Cooperating with NGOs (Q32); (3) Collaborating with concurrent figures (Q33); (4) Collaborating with professional organizations (Q34); (5) Cooperating with local governance (Q35).

The results of factorial analysis calculations to see the effectiveness of the dimensions of third-party involvement in CSR implementation showed that of the five dimensions/CSR activities, three of them were **effective**, while the other two dimensions showed **not effective**. The three dimensions of third-party involvement in the effective implementation of CSR were (1) collaborating with universities (Q31); (2) in cooperation with NGOs (Q32); and (3) cooperating with local governance (Q35). The ineffective dimensions were (1) collaborating with characters in unison (Q33); (2) collaborating with professional organizations; (Q34). The ineffectiveness of the two dimensions was since CSR implementation by corporations, specifically for low-cost SMEs funding assistance, did not involve local governments or other professional institutions.

The factorial analysis calculation results also showed the involvement of third parties in CSR implementation to be ineffective for empowering. It was indicated by the KMO value of 0.562 above alpha 0.05, and the value of the Bartlet Test of Sphericity of 0.204, which was above alpha 0.05. It means that so far, the corporation has less involved the parties in empowering SMEs. According to the informant, it shows that so far, there has been little involvement of external third parties such as NGOs, government, universities. Therefore, SMEs do not think that third party involvement is part of the CSR dimension.

Point G: If Ude factor analysis can you include in your paper - model summary?

Response G: I have improved and added the empirical models

The results of the factorial analysis show that empirically there is often a difference between the expectations of stakeholders (SMEs) and the dimensions of CSR offered by corporations. The development of the CSR dimension, although it has paid attention to previous studies as well as the contextuality of SMEs, the results show that there are still dimensions that are not effective at building legitimacy and in accordance with the expectations of SMEs. The results of this study imply that it is necessary to empiricism or actualize when corporations intend to design CSR programs. Results The contextuality of the CSR dimensions that has significance needs to be considered is the characteristics of SMEs, such as production character, market share, skills possessed by SMEs, distribution patterns of SMEs, forms of ownership, and production capacity. These characters determine what CSR dimensions are relevant and in accordance with the needs of assisted SMEs. Figure 2 describes the dimensions of CSR that are effective in helping SMEs.

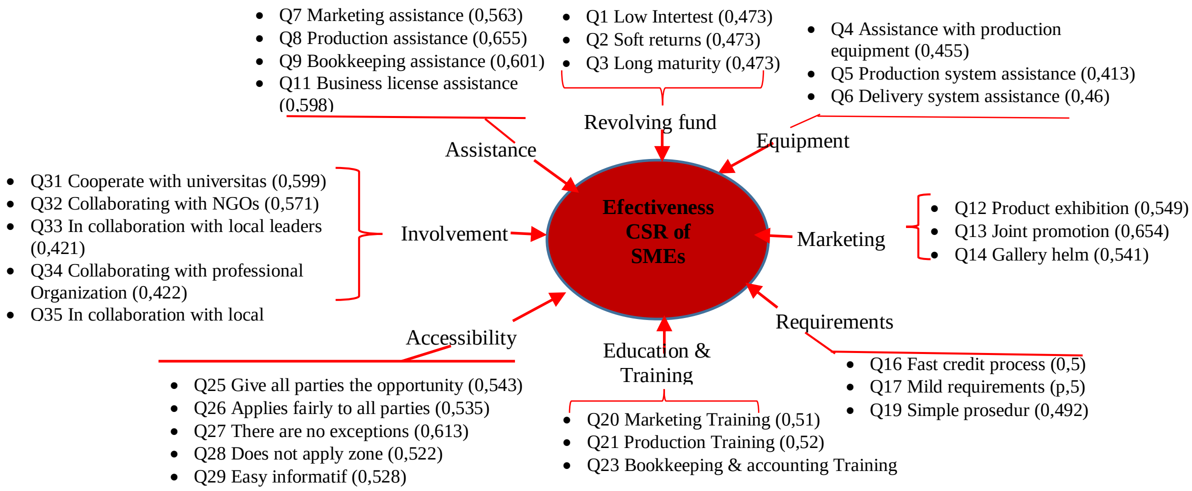

Figure 2. The Empirical of CSR Dimensional

Response to Reviewer 2 Comments

Point 1: In the introduction, the contribution of this article must be clearly indicated. Indicated half of the paragraph in lines 69-72) is not sufficient. So please add a paragraph with the contribution of the paper.

Response 1: In the introduction, I have improved by adding the contribution of the study

This study is different from previous studies, such as Suparnyo and Wiwit (2013); Devi & Hemant (2009); Maryline et al. (2017); Meyer et al. (2017); Abdirahman & Shiri (2014); Jenkins (2009); Deegan, 2002; Bernardi & Stark, 2018; Hadi & Mariana (2018); Karen Delchet & Linh-Chio (2012); Murillo and Lozano (2006); Spence and Rutherfoord (2003). This study is intended to explore the contextual dimensions (contingency), wherein in previous research, the CSR dimension was seen from a corporate perspective so that it does not reflect the impact of assisted stakeholders. In this study, the CSR dimension is developed from both the assisted stakeholder and the corporate side. In addition, the dimensions of CSR effectiveness are developed on the basis of contextual factors (contingency) that determine the effectiveness of CSR assistance to SMEs. The contextual dimensions (contingency) are then tested using factorial analysis in order to find the contextual dimension (contingency) that determines the effectiveness of CSR assistance for micro-entrepreneurs (SMEs).

The object chosen in this study is a state-owned cement company (including mining industries) because there are regulations in companies in this industry that are obliged to implement CSR (mandatory), namely: Law no. 40/2007 on Limited Liability Company, Law no. 25/2007 on investment, and the Minister of State-Owned Enterprises Regulation No.4 / 2007. In addition, cement companies exploit natural resources that have great potential to have an impact on society and the environment. The major benefits provided by this study are: (1) providing government input in determining CSR regulations and litigation, especially in relation to the dimensions of CSR that are effective for SMEs; (2) provide input from practitioners, especially corporations, that CSR practitioners must pay attention to contextual factors, especially contractual assisted stakeholders because this determines the achievement of CSR, academies can develop research in this field, especially in the area of models and strategies for implementing more productive and effective CSR. Therefore, this study at the beginning describes the research gap, which is strengthened by various literature reviews. In the second part, this study shows the research method, which is followed by findings and discussion. Furthermore, in the last section, the research conclusions are described in detail with providing limitations and suggestions for future research.

Point 2: The article concerns 65 literature positions. But I think it would be vulnerable to add 2-3 references from 2019-2020 to show what is recent studies in this area.

Response 2: I have improved and added some recent studies.

Amalia, F. A., & Suprapti, E. (2020). Does the High or Low of Corporate Social Responsibility Disclosure Affect Tax Avoidance? *Journal of Accounting and Investment,* Viol. 1, No. 2, Pp. 277-288. https://borang.umy.ac.id/index.php/ai/article/view/7655

García-Sánchez, I.-M., & García-Sánchez, A., 2020, Corporate Social Responsibility during COVID-19 Pandemic. *Journal of Open Innovation: Technology, Market, and Complexity, 6*(4), 126. doi: https://doi.org/10.3390/joitmc6040126

Herrera, J., & de las Heras-Rosas, C. (2020). Economic, Non-Economic and Critical Factors for the Sustainability of Family Firms. *Journal of Open Innovation: Technology, Market, and Complexity, 6*(4), 119. doi: https://doi.org/10.3390/joitmc6040119

Point 3: The caption of figures 1 and 2 should be under figures

Response 3: I have revised it by putting a caption under the figure.

Sources: Carroll (2016)

Figure 1. The Pyramid of CSR

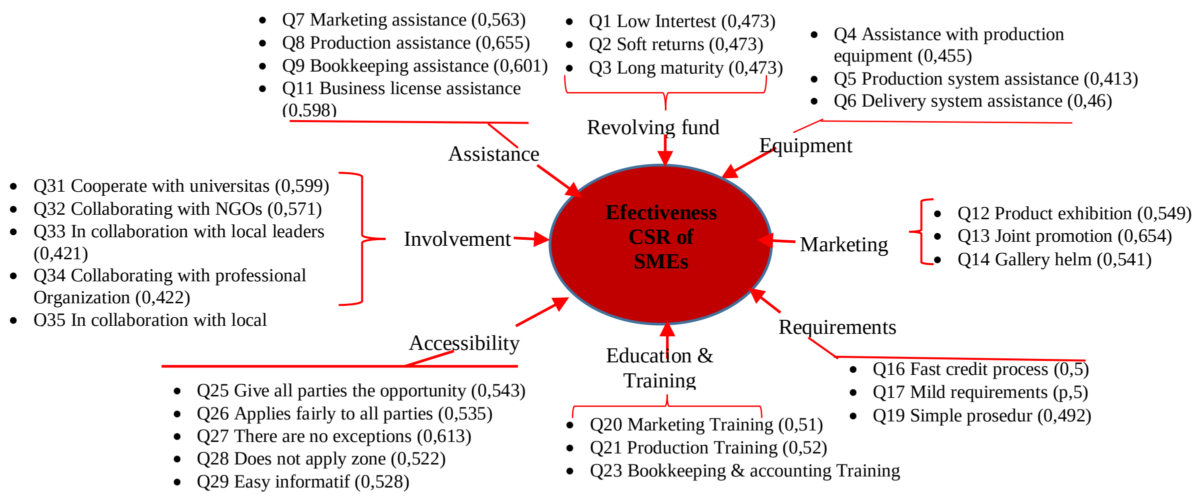

Figure 2. The Empirical of CSR Dimensional

Point 4: Please add doi for the articles in the literature review. Actually, it's strongly recommended to add doi in references. So please add to improve the quality of references

Response 4: I have improved and added some recent references

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Response to Reviewer 3 Comments

A. Main Comments and Suggestions

Point 1: In the introduction you should clarify the contributions of the paper which are not elaborated well in the current paper. You can talk about the following contributions: What insights can you provide based on your finding? Do they push forward our understanding? What should we do with your research? Do you have any suggestions to improve the current regulation or practice? Adding the above discussion and extend your literature review may help you make more contributions and position your contributions better. In the introduction you should also list your findings.

Response 1: I have improved the abstract contribution to both government, corporations, and further research

This article is intended to test the effectiveness of the CSR dimension of assistance to SMEs under companies' guidance of Semen Indonesia in Central and East Java empirically. Corporate Social Responsibility (CSR) implementation for Small Business Entrepreneurs (SMEs), besides as a social contract implementation, is also an effort to increase legitimacy. This research is essential to obtain findings of effective and relevant CSR dimensions recommended for the SME empowering program. The study was conducted at SMEs domiciled around the mining area and the Cement factory. The number of respondents was 250 SMEs, with a response rate of 92, where the number of 92 SMEs are the total of sample. The research data was primary, including respondents' opinions, where the data were taken using survey and interview procedures. Data analysis using statistics was a factorial analysis. The results showed that of the eight programs included in CSR in the field of assistance for empowering SMEs, two were effective for empowering SMEs: (1) low-cost revolving funds and (2) production equipment assistance for SMEs. Meanwhile, six other CSR programs showed ineffectiveness: (1) mentoring, (2) marketing, (3) ease of procedure and relief of loan terms, (4) education and training, (5) accessibility of obtaining loans, and (6) the involvement of parties in the implementation of CSR. It indicated that the six CSR programs were not effective in helping to build image and legitimacy. The results of the research make an important contribution to the government and corporations, that the construction of CSR programs must attention to the real conditions and needs of SMEs, in order to achieve effectiveness in solving problems by SMEs. Especially for the government, it needs regulations that can systemically encourage companies to implement CSR. This research still has limitations, therefore, further research is to develop especially in the area of empirical testing related to the contextual dimensions of CSR that are relevant to assisted stakeholders. development-based research should be considered.

Point 2: You should study and rationalize why firm size matters since frim size is the key variable in this area. See Dang et al. 2018. Measuring Firm Size in Empirical Corporate Finance. Journal of Banking & Finance, 86:159-176. After all it is the most significant variable in most studies alike. You need to discuss and justify your sample of SME (e.g., why do you choose SME). The results may not be robust to different firm sizes, which is very common in this area.

Response 2: In the introduction, I have added differences with previous research,

This study is different from previous studies, such as Suparnyo and Wiwit (2013); Devi & Hemant (2009); Maryline et al. (2017); Meyer et al. (2017); Abdirahman & Shiri (2014); Jenkins (2009); Deegan, 2002; Bernardi & Stark, 2018; Hadi & Mariana (2018); Karen Delchet & Linh-Chio (2012); Murillo and Lozano (2006); Spence and Rutherfoord (2003). This study is intended to explore the contextual dimensions (contingency), wherein in previous research, the CSR dimension was seen from a corporate perspective so that it does not reflect the impact of assisted stakeholders. In this study, the CSR dimension is developed from both the assisted stakeholder and the corporate side. In addition, the dimensions of CSR effectiveness are developed on the basis of contextual factors (contingency) that determine the effectiveness of CSR assistance to SMEs. The contextual dimensions (contingency) are then tested using factorial analysis in order to find the contextual dimension (contingency) that determines the effectiveness of CSR assistance for micro-entrepreneurs (SMEs).

The object chosen in this study is a state-owned cement company (including mining industries) because there are regulations in companies in this industry that are obliged to implement CSR (mandatory), namely: Law no. 40/2007 on Limited Liability Company, Law no. 25/2007 on investment, and the Minister of State-Owned Enterprises Regulation No.4 / 2007. In addition, cement companies exploit natural resources that have great potential to have an impact on society and the environment. The major benefits provided by this study are: (1) providing government input in determining CSR regulations and litigation, especially in relation to the dimensions of CSR that are effective for SMEs; (2) provide input from practitioners, especially corporations, that CSR practitioners must pay attention to contextual factors, especially contractual assisted stakeholders because this determines the achievement of CSR, academies can develop research in this field, especially in the area of models and strategies for implementing more productive and effective CSR. Therefore, this study at the beginning describes the research gap, which is strengthened by various literature reviews. In the second part, this study shows the research method, which is followed by findings and discussion. Furthermore, in the last section, the research conclusions are described in detail with providing limitations and suggestions for future research.

Point 3: My main suggestion is that you should tell a richer story and link to more literature by discussing more relevant channels. One main channel is corporate governance through which CSR may affect the effectiveness. You should consider, for example, market competition as a governance mechanism: Giroud, X., and H., Mueller, 2011, Corporate governance, product market competition, and equity prices. Journal of Finance 66, 563-600. The interactions between the executives, such as mutual monitoring among the executives: Li, Z.F., 2014, Mutual monitoring and corporate governance, Journal of Banking & Finance, 45, 255-269; Li, Z.F., 2018, Mutual monitoring and agency problem. https://www.researchgate.net/publication/272305464_Mutual_Monitoring_and_ Agency_Problems; and external interactions between CEOs in the industry tournament: Coles et al. 2018, Industry Tournament Incentives, Review of Financial Studies, 31(4):1418-1459; On inside debt as governance: Li, F., Lin, S., Sun, S., Tucker, A. 2018. Risk-Adjusted Inside Debt. Global Finance Journal 35: 12-42. Or compensation incentives: Core, J. and Guay W., 1999, The use of equity grants to manage optimal equity incentive levels, Journal of Accounting and Economics 28, 151-184.

You need to discuss those aspects of possible channels to give readers a more comprehensive view and a richer story and/or point out future research direction from these perspectives.

Response 3a: I have linked the discussion with relevant previous research

This is different from the previous study because it explores the dimensions of CSR that are effective for SMEs, because the CSR programs provided by corporations are not in accordance with the real needs of SMEs. As a result, CSR programs are less effective at helping solve problems faced by SMEs. Previous research has seen more effectiveness from the corporate side, such as the role of CSR to improve the company's financial performance, sales performance, market share, contumers loyalty, stock performance and the like (Basu & Palazzo, 2008; Brammer & Pavelin, 2006; Hassan & Nareeman, 2013; Mankelow, 2008; Shin & Thai, 2015; Spence, Coles, & Harris, 2001; Choi et al., 2010; Guthrie & Abeysekera, 2006; Mackey et al., 2007; Naser & Hassan, 2013; Abdullahi Hassan Gorondutse & Haim Hilman, 2013; Perrini F, Russo A, Tencati A., 2007; Herbohn, Walker & Loo; 2014)

Response 3b: In the conclussion, I have improved by providing development directions for further research

Future studies are suggested to develop research by paying attention to the enrichment of theory to trigger developing dimensions, contextual dimensions, determining the measurement field of variables, and each dimension. It means it is used to reduce the instrument's validity and accuracy in predicting the ability to see the effectiveness of CSR activities early on. Future studies are also advised to pay attention to the contextuality of the research object and the object’s breadth to help in the framework of generalization.

B. Minor Comments and Suggestions

There are many typos and grammatical mistakes throughout the paper, making it hard to read and understand. Try to avoid long sentences and vague words. Use short, precise, and concise sentences and be more straightforward. The last section of conclusion should summarize all your findings, their implications to researchers and practitioners, future direction for research, limitation of the current study, etc. You need to seriously proofread the paper and extend and update your references.

In conclusion, I would like to thank the authors for a very interesting, unique and potentially important paper. Hope these comments and suggestions can help further their study.

Response: In the conclussion, I have improved by adding contributions and recommendations for further research and improving words and sentences

The CSR program implemented by the company is intended to be one-sided to carry out social contracts between the company and surrounding communities, including SMEs. On the other hand, CSR implementation by companies is to increase legitimacy. CSR is part of corporate responsibility as a form of responsiveness to various impacts arising from company operations. The results of factorial analysis calculations to empirically examine the dimensions of CSR assistance for SMEs, both included in the (1) low-cost revolving funds; (2) equipment assistance for production; (3) assistance; (4) marketing; (5) ease of procedure and relief of loan terms; (6) education and training; (7) accessibility of obtaining loans; and (8) the involvement of parties in the implementation of CSR, showed a low grade, which was below 62.5.

Factorial test results showed that from the eight programs including CSR in the field of assistance for empowering SMEs, it revealed that two out of eight CSRs for empowering SMEs was effective to help SMEs and could increase a positive image and legitimacy: (1) low-cost revolving funds, and (2) production equipment assistance for SMEs. Meanwhile, six CSR assistance for SMEs were not effective: (1) mentoring; (2) marketing; (3) ease of procedure and relief of loan terms; (4) education and training; (5) accessibility of obtaining loans; and (6) the involvement of parties in implementing CSR, which were not effective for empowering SMEs and not effective in helping to build image and legitimacy. The CSR program's ineffectiveness was due to the CSR programs provided by corporations, both in terms of type, content, implementation strategy, and even the form of third-party involvement that was still lacking in context with the assisted SMEs.

Although this research was carried out with seriousness, and the procedure was carried out with discipline, but limitations still occur. The limitations of this study can be seen from the aspect of the development of dimensional contextuality, the realm of variable measurement, and the scope of the research object.

Future studies are suggested to develop research by paying attention to the enrichment of theory to trigger developing dimensions, contextual dimensions, determining the measurement field of variables, and each dimension. It means it is used to reduce the instrument's validity and accuracy in predicting the ability to see the effectiveness of CSR activities early on. Future studies are also advised to pay attention to the contextuality of the research object and the object's breadth to help in the framework of generalization.

Response to the Eic's Comments

Thank you very much to the Editor who has read our article and provided recommendations for improvements.

We have made several revisions to improve the quality of the article by adding the relevant references from JOItmC:

Point 1: Let us merge "3. Materials and Methods" + "4 results" as "3. Research scope and methods"

Response 1: We have merged it

3. Research Scope and Methods

Point 2: Let us change "5 Discussion" as "4. "

Response 2: We have changed it

4. Analysis and Discussion

Point 3: Let us add "5. CSR and social open innovation"

Response 3: We have add CSR and social open innovation

The results of the CSR dimensional testing (see Figure 2) show that CSR implementation has a big opportunity to increase SMEs innovation. However, CSR implementation should pay attention to the contextual conditions of SMEs. The CSR dimension is developed by taking into account the real or contingent conditions of SMEs to guarantee that CSR is more effective. Of all the dimensions developed in this study, it shows that only a few dimensions are less effective. According to the informant's opinion, although CSR assistance has benefits to encourage creativity and innovation of SMEs, there are three conditions that need to be considered by all parties for CSR effectivity, namely: (1) there is a need for government intervention to implement CSR for corporations so that there is a binding legal basis for implementing CSR; (2) there are strict rules from the government regarding the proportion of corporate net income allocated to the CSR program; (3) involving the community, experts and professional institutions in CSR assistance; (4) linkage of CSR with development programs for improvement of government SMEs.

Observing the results of this study, CSR in Indonesia really needs a systems approach, so that CSR implementation is not just voluntary but also binds mandatory content. Thus, CSR becomes an integral part of the company's operations. The system approach places a professionally managed CSR program, because CSR implementation is not AdHoc in nature, but rather integrative and sustainable. The system approach-based CSR approach manages CSR costs by CSR management agencies that are formed internally and externally by professional and accountable companies. Thus, CSR is managed in an integrated manner with community programs and government development programs.

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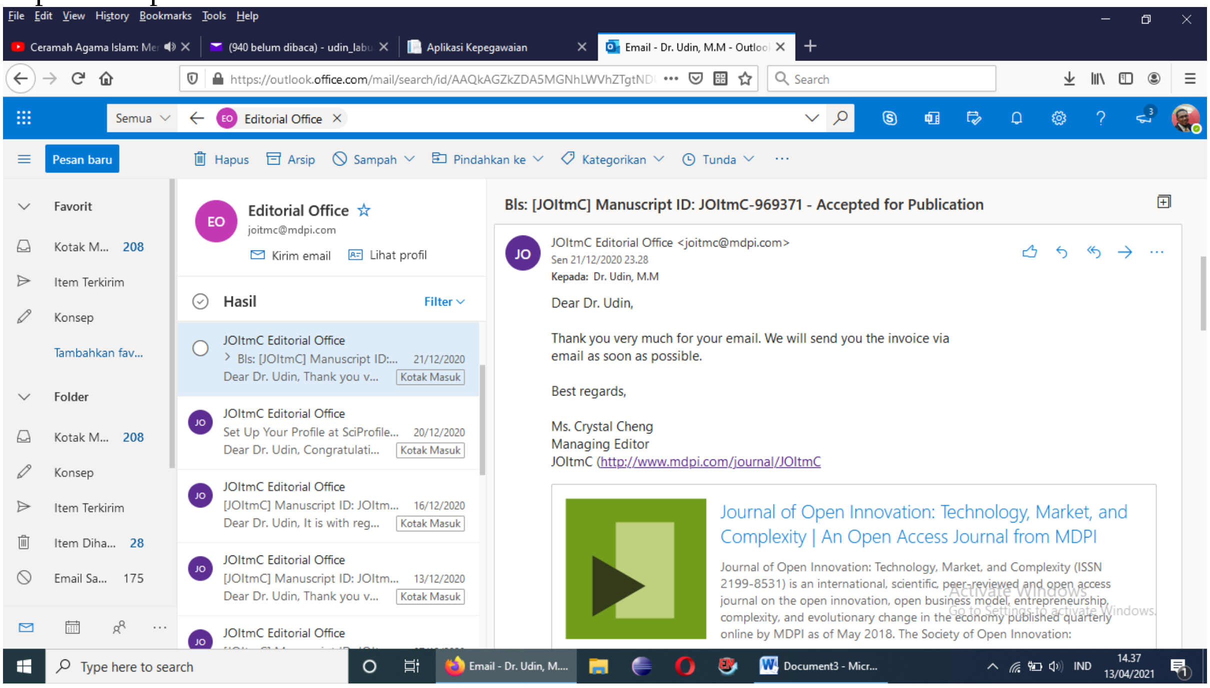

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