The aim of the study is to explore and identify key determinants of corporate social initiatives in poverty alleviation. To fulfill corporate social responsibility (CSR), an organisation considers the interests of society by taking responsibility for the impact of their operational activities on customers, suppliers, employees, shareholders, communities and other stakeholders, including social and environmental advocates, and regulators. CSR disclosure is the process of communicating the social and environmental effects of an organisation’s economic actions on stakeholders (Gray et al. 1987). Nowadays, companies are facing increasing pressure to go beyond making profits to behave in socially responsible ways (Mohr et al. 2001; Deegan et al. 2000).

Earlier research finds that CSR has a powerful potential to make positive contributions to addressing the needs of disadvantaged or marginalised communities in developing countries whilst not compromising their political, social and economic integrity (Ite 2004, 2005). Blowfield and Frynas (2005) concludes that there are unique aspects of poverty and sustainability in the developing world which demand different solutions from developed economies to fill the gap.
between community and corporate expectations of the social contract, also known as the legitimacy gap (Deegan, 2006).

The application and recognition of CSR is relatively new in Indonesia. Companies listed on the Indonesian Stock Exchange provide low levels of social disclosure (Cahaya and Porter 2008). After introduction of the Indonesian Corporation Law in 2007 (Undang-Undang Nomor 40 tahun 2007 tentang Perseroan Terbatas), though companies are not mandatorily required to allocate a certain percentage of their earnings to CSR activities, nevertheless, public sector organisations with substantial environmental impacts must allocate a certain amount of their earnings to assist the community. This mandatory requirement is called Partnership and Environment Development Program (Program Kemitraan dan Bina Lingkungan or PKBL). It requires State-owned enterprises (BUMN) to allocate 1% to 3% of their earnings towards business partnerships and environmental development. For other types of company ownership, there is no such mandatory obligation.

CSR is about protecting the environment, stakeholders, complying with anti-corruption action policies and a range of other activities, for example poverty alleviation. In Indonesia, the government, non-governmental organisations (NGOs), businesses and professionals aim to assist in eradicating poverty (United Nation’s Climate Change Conference 2007; World Bank 2008). At the United Nation’s Climate Change Conference (2007), Indonesia and other countries voiced their concern about environmental problems such as climate change, deforestation, and greenhouse gas effects. According to the World Bank (2008), poverty remains the primary social problem in Indonesia as it has close links with environmental issues. Poverty and environmental problems co-exist. Therefore, solving one problem requires simultaneous engagement with the other problem (Petrics 2005; Kimenyi 2004). A series of comprehensive reports from the World Bank (2008) on poverty in Indonesia finds that 17.8% of people are living in poverty, measured by them having less than US$1.55 in purchasing power parity terms per day. Currently, there are 37 million people living under this poverty line and a major poverty alleviation program has been implemented since 2001 (Kompas 2007).

2. LITERATURE REVIEW
Poverty alleviation, a CSR initiative, is an important policy objective of developing countries, international organisations, NGOs, and local communities. However, Shankleman and Selby (2001) observed only minimum business involvement in poverty alleviation activities. It has been claimed this is unacceptable to the above stakeholders because meeting sustainable development challenges in reducing poverty is as important as maintaining business growth of the company (Blowfield and Frynas 2005). However, the business community has used the concept of CSR increasingly to establish a framework for wider private sector involvement in poverty alleviation (Ite 2005).

Government and business communities see CSR as a bridge connecting business and sustainable development (Vivos 2004; DFID 2004). Increasingly, CSR programs are designed in terms of their contribution to community and sustainable development (Dunfee and Hess 2000). However, corporate contributions through social initiatives targeted at the disadvantaged or the marginalised remain minimal in Indonesia.

Strong support for the introduction of mandatory CSR in Indonesia is evidenced in the 69% of the respondents who agree with the introduction of compulsory CSR for Indonesian listed companies (CSR
Environment initiatives and poverty alleviation in Indonesia are conducive to finding the best solution for social problems. Since poverty is linked to many social problems (crimes, low level of education, low productivity, malnutrition etc.), this issue must be solved strategically, according to the United Nation’s Millennium Development Goal (MDG) that global poverty should be reduced significantly by 2015. Therefore, there is urgency for broader corporate involvement in addressing the social issues of slum settlements, health, education, unemployment, and meeting basic needs.

CSR-related research has been dominated by studies in the context of western developed countries such as Europe, the USA and Australia. Only a few studies have applied CSR to developing countries (Lokshin 2001; Peinado-Vara 2006; and Reddy 2007). Current CSR approaches do not warrant claims that CSR gives benefits to the poor and marginalised in developing countries (Christian Aid 2004). This study assesses corporate social performance in relation to poverty alleviation initiatives in Indonesia. It identifies key determinants of corporate social initiatives in poverty alleviation so as to inform policy makers about the appropriate mechanisms to raise the level of corporate social initiatives in poverty alleviation.

2.1. SOCIAL INCENTIVES
The theories that are popularly used in the CSR field are numerous and diverse. Relevant theories to explain the types of social incentives and the process through which companies respond include issues management (Sethi 1975; Wartick and Mahon 1994), stakeholder approaches (Freeman 1984; Mitchell et al 1997; Rowley 1997), legitimacy (Meyer & Rowan, 1991), and public responsibility (Preston and Post 1981). Demonstrating responsiveness to social demand and incentives is often more important than producing desirable and immediate results (Meyer & Rowan, 1991). Furthermore, being perceived as lacking acceptable legitimacy in their activities can expose companies to accusations of negligence, with damaging effects on their image and reputation. Therefore, companies have to be sensitive to sense and be responsive to social and political issues that significantly influence their operations, according to the accountability model, stakeholder and legitimacy theories (Valor 2005; Deegan 2002; Mitchell et al 1997; Rowley 1997; Meyer & Rowan, 1991; Ullman 1985; Freeman 1984). They manage to balance the interests of diverse stakeholders and they take existing public policy and laws seriously in their decision making. They act in such a way as to be perceived by the public as desirable and proper within their socially constructed system of norms and values. These theories provide the rationale for companies to be sensitive and responsive to social demand in reducing the negative impact of their operations on society. According to the World Bank (2008), the world’s poorest people depend on resources from the ecosystem such as clean water, soil conservation and the sustainable supply of marine and forest products for direct consumption or income generation. When society is concerned about the adverse effect of environmental damage on increasing poverty, companies have to respond constructively and act as good corporate citizens by introducing CSR initiatives that target environmental improvement and poverty eradication in order to restore a good corporate CSR image and reputation.

To reinforce this, apart from the social pressure exerted on companies, Government plays an important role in laying down the law and regulations to balance the interests between business and community. Government agencies should assess whether companies are complying with minimal social performance standards. They also should provide other incentives in terms of tax allowances and lower cost
of capital to businesses to pursue desirable CSR initiatives. As a result of more demanding but supportive social incentives, higher level of CSR initiatives can be generated. In survey conducted by the IBL (Lindgren 2006), it was reported that many companies might be willing to increase their current CSR investment if the government could provide incentives. For example, new tax incentives will certainly stimulate a higher level of CSR investment. This observation is part of the hypotheses of this study which tests whether those social incentives and demands generate a higher level of corporate social initiatives. Structural equation modelling is used for identifying the linkages between social incentives and corporate CSR strategies.

2.2 CSR STRATEGIES
Companies are operating in commercial reality that demands maximisation of shareholders’ value. According to instrumental theory (Friedman 1970; Jensen 2002), companies focus on achieving economic benefits that maximise shareholder value and longer term competitiveness, sometimes even at the expense of the interests of other stakeholders. Many companies are not willing to share their profit or earning capacity to invest in CSR activities. They react only when it is necessary to meet the challenges of the local communities, usually in the form of bribes in developing countries like Indonesia, as reported by the World Bank (2003, 2008). This certainly does not add value to internal capabilities and external socio-economic development. Furthermore, consumers in developing countries are more price-sensitive and often tend not to choose products on the basis of their CSR standards, e.g. eco-labeling, sweatshops, and child labour (Maignan 2001). This has reinforced the producers’ bias towards profit maximisation at the expense of stakeholders’ interests. However, over the past three decades, there is increasing pressure from the public and employees to broaden company strategies from pure profit maximisation to economic, environmental and social responsibility (Carroll 1979, 1991, 1999). Nevertheless, many companies still pursue CSR activities without systematically integrating these into their business operations and strategy. They treat it as charitable/philanthropic or community activity (PIRAC 2002) or a public relations exercise (BWI 2006).

Alternatively, companies can adopt a corporate citizenship strategy, which is closely integrated into core business strategy. Investment in CSR, in particular philanthropic activities, when related to the company’s mission and strategy, can help attain a competitive advantage (Burke and Lodgson 1996; Porter and Kramer 2002), especially through a cluster of companies. The strategic outcome is usually better than that achieved by ad hoc donations unrelated to the company’s strategy. On the other hand, strategy can be orientated towards serving the poor and simultaneously making profits. Prahalad (2002) proposes aligning CSR with business strategy by converting the poorer population into active consumers. Companies then view the poor as a business opportunity for innovation rather than as a social burden. Therefore, to maximise the positive impact on CSR initiatives, alignment with business strategy is essential so that companies can achieve their business objectives of profit and return on investment/assets, yet still initiate CSR activities to add value to society, for example, by alleviating poverty in the community in which they are operating.

Besides the positive social and political outcomes, implementation of poverty alleviation initiatives in a region can also result in desirable economic outcomes of raising income and purchasing power in the local community that also benefit companies in the form of new demand for products and services. As such, the need to make profit can co-exist with social investment, especially in response to
incentives. Since companies respond positively to tax incentives and lower cost of capital to reduce the costs of implementing CSR activities and initiatives, a pro-CSR environment can be nurtured through social incentives to generate higher levels of CSR initiatives. As such, besides introducing better law/regulation and enforcement, government can provide more CSR incentives such as tax incentives to stimulate businesses to implement better CSR practices and initiatives. Companies that have formulated CSR strategy can take advantage of such CSR incentives to fit into their core business strategy to generate CSR initiatives. For example, through design of products and services that target low income consumers, or provision of low cost technical training programs to equip local workers in specific product and process technology. This not only adds value to these companies by creating a more skilled and productive workforce pool in the region, but also increases the productive and earning capacities of the local community. Without such an integrated CSR strategy, CSR incentives can still stimulate further CSR initiatives; however, their volume and effectiveness would be minimal and not long lasting/sustainable.

As such, corporate CSR strategy can mediate the relationship between social incentives and corporate CSR initiatives. However, note that strategy is influence by many other factors, apart from external incentives and CSR pressures. For example, a business code of conduct is a good device to influence strategy effectively to align it with a shared CSR vision. However, this needs to be implemented within a conducive business culture that ensures continuous internal enforcement (Kemp 2001). These other factors, e.g. competitiveness, market share, negotiating power with suppliers, are not examined here and are left for future research. This study looks only at the mechanism to encourage businesses to formulate their business strategy and align with their CSR activities and initiatives to maximise the economic and social benefits to the companies and the communities in which they are operating.

2.3 CORPORATE CSR INITIATIVES

There are two major reasons why businesses may embark on CSR activities. Management and employees of companies usually have a good intention to contribute to their communities. But because of business reality, they must conduct CSR activities consistent with their corporate vision/mission and strategy to benefit their business in terms of financial return on CSR investment, better image and reputation. Usually the economic reason dominates the business decision on CSR investment. As such, social incentives and demand that reduce the costs of CSR investment in improving the company’s image and reputation will be well received by businesses and therefore stimulate corporate CSR initiatives. Examples of social incentives will be special tax allowances and CSR awards to stimulate new design of products and services that target low income consumers, or provision of low cost technical training programs to equip local workers in specific product and process technology. Apart from these, in Indonesia, the government and regulatory agents have a method called blacklisting companies. They publish the list of companies that are not up to required environmental standards. This method of blacklisting non-complying or non-performing companies is very effective in the Indonesian context, and can be considered as providing a negative social incentive. However, when such incentives do not exist, corporate CSR initiatives are fewer and usually characterised by one-off philanthropic activities, especially when they are not aligned with core business operations and strategy.
A well conceived corporate CSR strategy that aligns with business strategy can encourage management to undertake more CSR activities and initiatives. These types of CSR initiatives usually have a more enduring positive impact on local economic and sustainable development. However, the Indonesian Government must understand the important issues and challenges faced by the business sector and introduce appropriate policies and incentives accordingly. This study suggests that new incentives are necessary, together with other external social and environmental pressures, to influence corporate strategy formulation and decision making in the private sector to introduce corporate CSR initiatives that benefit both business and the community. However, because of the lack of empirical evidence, governments may hesitate to act without evidence-based policy. This policy issue is clarified here by providing empirical evidence to demonstrate the link between social incentives and corporate CSR strategy, and the link between corporate CSR strategy and corporate initiatives.

2.4 LABOUR-RELATED CSR POLICIES
Controversial labour regulation can discourage business investment in Indonesia if companies are confused about rights and responsibilities (Rees 2006), for example relating to child labour and disclosure of labour awards and work conditions. To clarify this CSR issue, apart from testing whether corporate social initiatives are influenced by corporate incentives, corporate strategy and the company’s labour-related policy. In addition, this study also tests whether corporate strategy and its labour-related policy mediates the relationship between social incentives and corporate initiatives.

3. RESEARCH QUESTIONS
This study aims to address two central research questions: firstly, whether respondent perceptions of the proposed social performance indicators on poverty alleviation are influenced by respondent characteristics, as shown in Figure 1, in terms of gender, age, qualifications, origin of graduates, job category, years of employment, and respondent’s salary. Second, as shown in Figure 2, this study seeks to investigate whether corporate social initiatives are influenced by corporate incentives, corporate strategy and the company’s labour-related policy. In addition, this study also tests whether corporate strategy and its labour-related policy mediates the relationship between social incentives and corporate initiatives.

Figure 1: Relationship between respondent characteristics and perceptions on poverty alleviation

Figure 2: Structural model of factors that influence corporate social initiative

The study’s research questions are outlined below:
1. Are there any differences in perceptions and expectations of social performance indicators related to poverty alleviation between groups within gender (male and
female), age, income, and stakeholder classifications?

2. Are corporate social initiatives influenced by corporate incentives?

3. Is any relationship between corporate incentives and corporate social initiatives influenced or mediated by corporate strategy and its labour-related policy?

Most companies have difficulty in identifying and integrating CSR activities into their core business (Adams et al. 2008; Bonacchi and Rinaldi 2007; Figge et al. 2002). As a result, they cannot routinely justify allocating sufficient funds for implementing CSR initiatives. To overcome this problem to a certain extent, this study plans to make the following contributions:

1. Identify key CSR determinants and their measures in raising poverty alleviation programs and initiatives for use by regulators and businesses.
2. Develop an effective mechanism to encourage companies to engage in CSR initiatives in empowering people and alleviating poverty.
3. Highlight the importance of integrating CSR incentives and activities into core corporate strategy and strategic decision making.
4. Assist businesses to understand that poverty alleviation initiatives can and should be developed strategically to benefit both the companies and the community.

To address the research objectives and questions, the following hypotheses are tested:

H1: Older and female respondents are more demanding about corporate social initiatives;

H2: Investors, regulators and professionals are more concerned about corporate social initiatives than other categories of respondents;

H3: The higher gross income the respondents have, the more concerned they are with corporate social initiatives;

H4: A higher level of social incentives generates a higher level of corporate social initiatives (either directly or mediated by corporate strategy and labour-related policy);

H5: Corporate strategy influences the level of corporate social initiatives;

H6: The more integrated the CSR strategy into the core business strategy, the higher the level of corporate social initiatives, i.e. corporate strategy mediates the relationship between social incentives and corporate social initiatives;

H7: Labour-related policy mediates the relationship between social incentives and corporate social initiatives.

4. RESEARCH METHOD

4.1 DATA COLLECTION AND SOURCES

Primary data on perceptions and expectations of social performance indicators from the perspectives of beneficiaries and the reporting entity was collected by survey. The survey included four different groups of respondents: investors, company as the reporting entity, regulatory bodies and professionals. This study refers to earlier economic and social indicators (labour practices, decent work, and human rights) proposed by the Global Reporting Initiative (EC5-EC7, LA1-14, and HR1-9), and Millennium Development Goals (MDG goals 1, 2 and 3), that are relevant for developing countries. These indicators inform the design of the survey of this project.

The survey was sent to 133 respondents of four different market participants in the Indonesian capital market (reporting entity, investors, professionals and regulators) who are actively using corporate financial reports. In order to get a high response rate, the survey was targeted at a capital market workshop/seminar organised by the
University of Indonesia where size of the workshop/seminar ranges between 30-40 attendees. As a result of this approach, a response rate of 100% was achieved. In total, three questionnaires returned were deleted from the database because of poor quality of response bringing the final sample size to 131 respondents. Missing values that were less than 5% of all the questions in the survey questionnaire were replaced by the mean of that variable. Missing values larger than 5% or questionnaires of poor quality were deleted from the survey. The questionnaire is divided into two groups of questions: the first group consists of demographic information related to respondent characteristics (gender, age, education, job category, number of years of experience, gross income and involvement in social activities). The second group consists of perception information on the proposed social performance indicators, and the ranking based on the relative commitment to poverty alleviation and the relative importance of the proposed social performance indicators in each category of the research questions.

4.2 EXPLORATORY FACTOR ANALYSIS
There are 23 data items in the survey questionnaire. This surveyed data is processed using factor analysis to identify a smaller number of factors that explain most of the variance observed in a much larger number of manifest variables. In particular, the analysis seeks to reduce the number of variables into dominant perceptions and expectations that are consistent with the theoretical model of this study.

To determine the internal consistency of the relationships between individual items in the measurement scales, Cronbach’s alpha was calculated to confirm the reliability between individual items in each factor. Reliability of the constructs was acceptable, with Cronbach’s alpha higher than the 0.7 threshold (Nunnally 1978). After investigating the underlying factors that have a similar pattern of correlations within a set of observed variables of respondent perceptions, the next step was to use the Mann-Whitney test procedure to analyse which items and factors are statistically different between groups within several respondent characteristics such as gender, age, education, job category, number of years of experience, gross income and involvement in social activities. Following on from this the study develops a structural model to identify the relationship among these factors.

5. EMPIRICAL RESULTS
Using principal components and varimax methods in factor analysis, four perceptual factors are extracted, as shown in Figure 3. They are social incentives, corporate social initiatives, CSR strategy, and labour-related CSR policy and are consistent with the proposed theoretical framework. To increase the reliability of these factors, reliability analysis was used to refine the four key determinant factors to achieve the highest Cronbach alpha. The Cronbach alpha of all of these factors exceeds the 0.7 threshold, except for the labour-related CSR policy factor.

The structural relationship is identified in the AMOS structural path model, as characterised in Figure 4.
The results support hypotheses H4 to H6. The structural paths characterise a partial mediation model, with “social strategy” mediating the relationship between “social incentives” and “social initiatives”. This is consistent with recent research studies (Adams and McNicholas 2007; Albelda-Pérez et al. 2007) which indicate that CSR data is informing corporate planning and decision making. Without “social strategy”, companies may respond to “social incentives” and introduce “social initiatives”, especially among those companies which are already actively involved in philanthropic activities. However, to increase the effectiveness of “social incentives” on “social initiatives”, companies with a strong “social strategy” can respond more rigorously to introduce a higher level of “social initiatives”.

Figure 3: Four factors extracted on poverty alleviation disclosures

<table>
<thead>
<tr>
<th>Factors</th>
<th>Cronbach’s alpha</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Incentives</td>
<td>0.76</td>
<td>0.78</td>
<td>0.71</td>
<td>0.58</td>
<td>0.56</td>
</tr>
<tr>
<td>Corporate Social Initiatives</td>
<td>0.78</td>
<td>0.7</td>
<td>0.64</td>
<td>0.59</td>
<td>0.55</td>
</tr>
<tr>
<td>CSR strategy</td>
<td>0.70</td>
<td>0.74</td>
<td>0.72</td>
<td>0.57</td>
<td>0.5</td>
</tr>
<tr>
<td>Labour-related CSR policy</td>
<td>0.43</td>
<td>0.63</td>
<td>0.58</td>
<td>0.43</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4 – AMOS Structural Path Model

The structural paths characterise a partial mediation model, with “social strategy” mediating the relationship between “social incentives” and “social initiatives”. This is consistent with recent research studies (Adams and McNicholas 2007; Albelda-Pérez et al. 2007) which indicate that CSR data is informing corporate planning and decision making. Without “social strategy”, companies may respond to “social incentives” and introduce “social initiatives”, especially among those companies which are already actively involved in philanthropic activities. However, to increase the effectiveness of “social incentives” on “social initiatives”, companies with a strong “social strategy” can respond more rigorously to introduce a higher level of “social initiatives”.

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Therefore, it is important for a society to convince the corporate sector to build up their corporate CSR capabilities and formulate strategy that is integrated with their core business strategy (Porter and Kramer 2002) in order to realise the CSR benefits to a full extent.

The relationship between “labour-related social policy” and the other three factors is not significant statistically and therefore is excluded from the model. Therefore, hypothesis H7 is rejected. A multi-group analysis has been conducted, with the model fitness results shown in Table 1. “Social incentives” and “social strategy” explain more than 70% of the variation of “social initiatives”. However, “social incentives” explains less than 40% of the variation in “social strategy”. This reflects some missing factors that influence “social strategy” but have not been captured in this model, for example, social pressure, regulation, industry norms, enlightened management, and competition.

<table>
<thead>
<tr>
<th></th>
<th>Social Strategy</th>
<th>Social Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>All groups</td>
<td>0.38</td>
<td>0.71</td>
</tr>
<tr>
<td>Male</td>
<td>0.40</td>
<td>0.71</td>
</tr>
<tr>
<td>Female</td>
<td>0.21</td>
<td>0.97</td>
</tr>
<tr>
<td>Age under 45</td>
<td>0.18</td>
<td>0.76</td>
</tr>
<tr>
<td>Age over 45</td>
<td>0.50</td>
<td>0.63</td>
</tr>
<tr>
<td>Education level below post-graduate</td>
<td>0.12</td>
<td>0.75</td>
</tr>
<tr>
<td>Education level above post-graduate</td>
<td>0.59</td>
<td>0.70</td>
</tr>
</tbody>
</table>

To extend the analysis to compare the perception of different gender, age, and education groups, using this structural model, a multi-group analysis has been conducted, with the model fitness results shown in Table 2.

Table 2: Multi-group Analysis – Structural Paths

<table>
<thead>
<tr>
<th></th>
<th>Strategy&lt;---Incentives</th>
<th>Initiatives&lt;---Strategy</th>
<th>Initiatives&lt;---Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>All groups</td>
<td>0.618 (4.212)</td>
<td>0.413 (2.863)</td>
<td>0.523 (3.401)</td>
</tr>
<tr>
<td>Male</td>
<td>0.636 (3.863)</td>
<td>0.474 (2.743)</td>
<td>0.460 (2.646)</td>
</tr>
<tr>
<td>Female</td>
<td>0.460 (1.330)</td>
<td>-0.078 (-0.392)</td>
<td>1.018 (1.606)</td>
</tr>
<tr>
<td>Age under 45</td>
<td>0.429 (2.048)</td>
<td>0.449 (1.975)</td>
<td>0.577 (2.879)</td>
</tr>
<tr>
<td>Age over 45</td>
<td>0.706 (3.185)</td>
<td>0.471 (2.233)</td>
<td>0.386 (1.757)</td>
</tr>
<tr>
<td>Education level below post-graduate</td>
<td>0.350 (1.200)</td>
<td>0.695 (2.998)</td>
<td>0.329 (1.237)</td>
</tr>
<tr>
<td>Post-graduate education level</td>
<td>0.766 (4.541)</td>
<td>0.295 (1.320)</td>
<td>0.590 (2.531)</td>
</tr>
</tbody>
</table>

** t-statistics in brackets
There is a gender difference in the structural path coefficients. The male group has similar structural path coefficients to that of the whole sample. However, the female respondents perceive that “social incentives” are more important and effective than “social initiatives”. However, the t-statistics for the female group are not significant, reflecting diverse opinions among females about this issue. In the age group, older respondents perceive that “social incentives” should target companies with a strong “social strategy” in order to achieve a good “social initiatives” outcome otherwise the impact of “social incentives” on “social initiatives” will be compromised. Similar patterns can be observed in the respondents with a higher education level.

To test hypotheses H1 to H3, this study also uses the Mann Whitney test to derive the mean differences between gender, age, income/salary, and education groups, as summarised below:

- There is a significant difference in perception within gender, age, and income/salary groups.
  - Gender: female mean scores are consistently higher male scores in all of the four factors – social incentives, strategy, initiatives, and labour policy. Therefore H1 is supported.
  - Age: the two age group scores in “incentives”, “initiatives”, and “labour policy” are statistically different at the 95% confidence level and in “CSR strategy” at the 90% confidence level. More mature age respondents have higher scores. Therefore H1 is supported.
  - Income/salary: the two income/salary groups (<=Rp 50 million and > Rp 50 million) are different at the 95% significance level for ‘CSR strategy’ and ‘initiatives’, and at the 90% significance level in ‘labour-related CSR policy’, but insignificant for ‘incentives’. However, higher income respondents have lower scores. Therefore H3 is rejected.

- Job category: there is no statistical difference between the four groups – report preparers, regulators, investors, professionals. Therefore, H2 is rejected, but this may be the result of the small sample size.
- Local versus overseas degree: there is no statistical difference between the two groups. It does not matter whether the respondents are working in Indonesia or elsewhere, there is no significant difference in their perception to the items in the survey questionnaire.
- Years of employment: there is no statistical difference in perception between the two groups. The only exception is in the item “A company should employ child labour so that they could help their parents” where respondents who have worked for a higher number of years give a relatively higher score. However, their scores are quite low with an average mean of 1.39 out of 4.00.

Since these research issues have not been examined before this study provides a platform to stimulate further research to enhance the model, for example, by identifying other important factors that can mediate the relationship between social incentives and initiatives; or best practice integration mechanisms that can generate better corporate responses to invest in and benefit from their CSR initiatives. Similar studies can be conducted in other countries to validate this model. Furthermore, a comparative cross country study can bring greater insight and understanding into the dynamic relationship among these three factors, and how they interact with corporate sustainability and financial performance.

6. CONCLUSION
Though CSR activities contribute to corporate performance, there is little research focusing on the identification of the factors that influence the level of social initiatives and activities. This study has developed a structural model to represent the relationship
of the key determinants of corporate social initiatives in poverty alleviation in Indonesia. These key determinants are “social incentives” and “corporate CSR strategy”. Individually, they have a positive influence on “social initiatives”. Social incentives and demand that reduce the costs of CSR investment in improving the company’s image and reputation will be well received in businesses and therefore stimulate more corporate CSR initiatives. However, when such incentives do not exist, corporate CSR initiatives are fewer and usually characterised by one-off philanthropic activities, especially when they are not aligned with core business operations and strategy. A well conceived corporate CSR strategy that aligns with business strategy can encourage management to undertake additional CSR activities and initiatives. These types of CSR initiatives usually have a more enduring positive impact on local economic and sustainable development.

The structural paths characterise a partial mediation model, with “social strategy” mediating the relationship between “social incentives” and “social initiatives”, consistent with recent research studies that reveal the importance of integrating CSR into the core business strategy, planning and decision making process. Without “social strategy”, companies may still respond to “social incentives” and introduce “social initiatives”. Many companies which are involved only in philanthropic activities fall into that category. They may or may not have formulated CSR strategy and integrate with their core business strategy. However, this study finds that companies with a strong “social strategy” can respond more rigorously to introduce a higher level of “social initiatives”. If a society wants to realise the CSR related benefits, it is important to convince the corporate sector to build up their corporate CSR capabilities and formulate CSR strategy. If a company wants to profit fully from CSR, it must formulate a CSR strategy and integrate this into its core business strategy, similar to leveraging quality and innovation to gain and sustain a competitive advantage.

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