

Competitive Advantage as Mediator of Good Corporate Governance and Green Corporate Social Responsibility for Stakeholder Satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra

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ABSTRACT

The purpose of this research is to analyze competitive advantage as mediator of good corporate governance and green corporate social responsibility for stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. This type of research in this research is quantitative research. The population in this study are people who live around the operational area of the Pertamina Hulu Energi work area which are located in 5 regencies and cities on the Island of Sumatra which are part of regional 1 of Pertamina Hulu Energi. By using the simple random sampling approach, so that based on the calculation above the number of samples to be taken is 190 people. The collection of questionnaires is carried out using the Google Form, and the number of filled questionnaires is obtained by 218 respondents. This study uses a structural equation modeling (SEM)-partial least squares (PLS) analysis technique. The results of the study show that good corporate governance has a significant effect on competitive advantage at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Green corporate social responsibility has a significant effect on competitive advantage at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Good corporate governance has a significant effect on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Green corporate social responsibility has no significant effect on stakeholder satisfaction at

Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Competitive advantage has a significant effect on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Competitive advantage can mediate effect of good corporate governance and green corporate social responsibility on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra.

Keywords: Good Corporate Governance, Green Corporate Social Responsibility, Competitive Advantage, Stakeholder Satisfaction

INTRODUCTION

The availability of sufficient energy sources in a sustainable manner is very important for human life. Energy is processed and produced by industry from nature, most of which come from mining and fossil oil and gas. In addition to producing oil and gas, this energy industry also has a negative impact on the surrounding environment, namely the emission of greenhouse gases produced both from the process and its waste. Data from the Directorate General of Climate Change Control of the Indonesian Ministry of Environment for the period 2010 to 2019 shows greenhouse gases emissions from the energy and waste sectors continue to increase from year to year in line with increased energy consumption.

With environmental conditions as described earlier, if not managed properly, this could potentially cause social and environmental issues, especially between the Company and the surrounding community. The public or the people who live around the company's operational area are part of the company's stakeholders who need to be maintained and developed both in terms of social, economic and environmental aspects because in substance they can influence and be influenced by company activities. Therefore, stakeholder satisfaction indicates the sustainability and success of the organization/company (Clemente et al., 2020).

The issue of sustainability is the agreement of 193 UN member countries including Indonesia, which in 2015 launched the Sustainability Development Goal (SDG) framework by agreeing on policies in the economic, social and environmental fields. In carrying out the SDGs, the government cannot work alone but requires the participation of other stakeholders such as State-Owned Companies (BUMN) and private companies to implement good corporate governance (GCG) and corporate social responsibility (CSR) in their respective companies.

Based on the sustainability reports on the performance reports of leading companies in Indonesia, several companies have shown that they have tried to implement GCG and CSR well, including PT Pertamina Hulu Energi (PHE) which is interesting to study and study more deeply from the context of the satisfaction of its stakeholders. PHE is a BUMN that is an upstream sub-holding for Subsidiaries in the oil and gas sector and acts as a strategic operating arm of PT Pertamina (Persero) in collaboration with third parties both domestically and abroad. Company performance reports are a form of obedience and transparency towards GCG implementation and are an effective way for the public to know that the company is protecting the interests of its stakeholders so that they will feel satisfied with the

company's performance and in the end the company's value will increase (Hussain et al., 2018).

In addition to generating economic benefits for owners, the company's business can also contribute to losses, especially for the community around the operational area, both in terms of socio-economic aspects and the preservation of natural resources if the management does not apply good corporate governance. GCG is increasingly popular as one of the efforts for companies to grow and generate profits in the long term and helps companies become winners in global competition, especially for companies that are developing.

The purpose of this research is to analyze competitive advantage as mediator of good corporate governance and green corporate social responsibility for stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra.

RESEARCH METHODS

This type of research in this research is quantitative research. Quantitative research is the process of collecting and analyzing numerical data. It can be used to find patterns and averages, make predictions, test causal relationships, and generalize results to wider populations (Sugiyono, 2013).

Population is the number of inhabitants, both humans and other living things in a certain place or environment. Often we interpret population as a group of people who occupy an area (Emzir, 2011). The population in this study are people who live around the operational area of the Pertamina Hulu Energi work area which are located in 5 regencies and cities on the Island of Sumatra which are part of regional 1 of Pertamina Hulu Energi. Based on data from the Central Statistics Agency for 2019 and 2020, the total population in the area used as the locus of research is 254,360. By using the simple random sampling approach, Ansori (2020), the minimum number of samples taken in inferential statistical research using the structural equation

modeling (SEM) analysis method is 5 x the number of indicators used, so that the sample is 5 X 38 or equal to 190. So that based on the calculation above the number of samples to be taken is 190 people. The collection of questionnaires is carried out using the Google Form, and the number of filled questionnaires is obtained by 218 respondents.

This study uses a survey method, the instrument in the form of a questionnaire is used as the main data collection medium and the data is taken to predict the relationship between constructs and examine the relationship between exogenous and endogenous variables and how they influence them. As well as using a Likert scale (1-5) where 1 strongly disagree, 2 disagree, 3 quite agree, 4 agree, and 5 strongly agree.

This study uses a structural equation modeling (SEM)-partial least squares (PLS) analysis technique, to confirm the various types of constructs that exist for latent variables and test the compatibility and accuracy of the model based on empirical data observed and test the causal relationship between factors that observed in the model (Surachman, 2016). The inductive (inferential) data analysis method is the analysis of the sample data that is analyzed and is thought to represent the

characteristics of the population studied. The result is data in raw form as information from the answers of sources that have been grouped and ready to be explained. The form of the data itself is in the form of statistical inferential data where the measurement is for descriptive analysis using a range of scales and SmartPLS version 3.2.3 such as measuring models (outer models), modeling structures (inner models) in testing existing hypotheses.

RESULTS

Hypothesis Testing

From the results of the 2nd order bootstrapping analysis, the statistical T values for the direct and indirect effects of each hypothesis tested are as follows:

Figure 1. Results of Bootstrapping Analysis

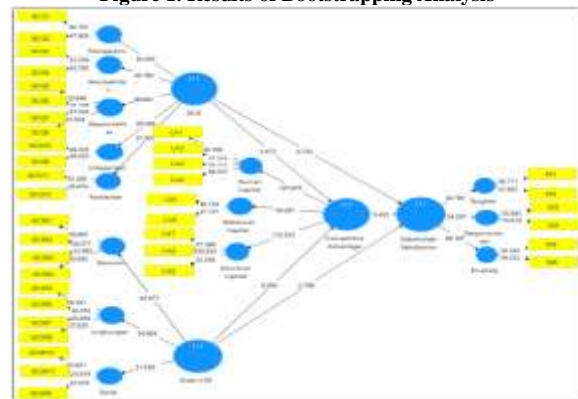


Table 1. Results of Standard Deviation, T Statistics & P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X ₁ ->Y	0.273	0.265	0.089	3.072	0.002
X ₂ ->Y	0.657	0.664	0.081	8.093	0.000
X ₁ ->Z	0.382	0.381	0.081	4.724	0.000
X ₂ ->Z	0.072	0.082	0.090	0.798	0.425
Y->Z	0.505	0.497	0.093	5.433	0.000
X ₁ ->Y->Z	0.138	0.132	0.050	2.784	0.006
X ₂ ->Y->Z	0.332	0.330	0.074	4.486	0.000

Information:

- Good Corporate Governance (X₁)
- Green Corporate Social Responsibility (X₂)
- Competitive Advantage (Y)
- Stakeholder Satisfaction (Z)

Good corporate governance has a significant effect on competitive advantage at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. This finding is also in

accordance with the resource-based theory which states that the maximum utilization of company resources can produce sustainable competitive advantage, but these resources

require good governance (James and Corina, 2015).

Green corporate social responsibility has a significant effect on competitive advantage at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. This finding is in accordance with Kotler and Lee (2005) who argued that corporate social responsibility is an investment for companies and will help companies to gain a sustainable competitive advantage.

Good corporate governance has a significant effect on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Corporate governance in a modern environment takes a holistic approach to ensure that the needs and goals of various stakeholders are taken into account in the management and governance of an institution. This research also shows that the existing indicators are relevant to stakeholder satisfaction, especially the people living around Pertamina Hulu Energi's operational area (Musweu and Imasiku, 2021).

Green corporate social responsibility has no significant effect on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Even though corporate social responsibility has a significant positive effect on the distribution of values that benefit the state, it has a negative effect on employees and has no effect on other stakeholders (Fernández and Pedroza, 2018).

Competitive advantage has a significant effect on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. The results of the significant influence of competitive advantage on stakeholder satisfaction are in accordance with the findings of previous research conducted (Fonseca et al., 2016) which concluded that a company's competitive position is very closely related to stakeholder satisfaction, and legitimizes stakeholder theory by Freemans.

Competitive advantage can mediate effect of good corporate governance and green

corporate social responsibility on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra.

CONCLUSION AND SUGGESTION

The results of the study show that good corporate governance has a significant effect on competitive advantage at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Green corporate social responsibility has a significant effect on competitive advantage at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Good corporate governance has a significant effect on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Green corporate social responsibility has no significant effect on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Competitive advantage has a significant effect on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra. Competitive advantage can mediate effect of good corporate governance and green corporate social responsibility on stakeholder satisfaction at Subholding of Pertamina Hulu Energi Regional 1 Sumatra.

Based on the results of this study, the researchers provide the following suggestions:

1. For the Company

Oil and Gas Companies, both State-Owned and Private Enterprises operating throughout the Province of Sumatra to implement corporate governance and corporate social responsibility programs apart from being mandated by Law Number 40 of 2007 concerning Social and Environmental Responsibility Obligations as well as implementing programs this will increase the value of the company's competitive advantage, assist the government's efforts to reduce the poverty rate, especially for the local community so that people's satisfaction with the presence of Oil and Gas Companies in their area will

be maintained which will then ultimately support the company's business sustainability in the long term.

2. For Further Research

- a. Due to the limitations of the researchers, this research was conducted in the communities surrounding PT Pertamina Hulu Energi's operations, for this reason, in order to make the scope of this research more comprehensive and so that conclusions about competitive advantage as a mediator of good corporate governance and corporate social responsibility towards stakeholder satisfaction can be broader, then for further research the survey can cover the community around National and Foreign Private Oil and Gas Companies so that the respondent's data can be more heterogeneous.
- b. The initial problem of this research is the increase in greenhouse gas emissions which affects the environmental quality index of areas in Sumatra Province. In order for research on the company's competitive advantage to be accurate, it is necessary to map out the areas where large companies operate so that the people in that area can become the object of a research survey.

Declaration by Authors

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