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CSR IN EFFORT IMPROVING PURCHASE INTENTION THROUGH BRAND IMAGE, TRUST AND CUSTOMER SATISFACTION

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Abstract

The impact on adoption of CSR practices for companies, in addition to showing that the company not only generates profit, but also recognizes universal human values. This research will discuss about increasing the influence of CSR to purchases intention with moderating variable of brand image, besides also to know influence between brand image to trust so increase purchase intention, and also to know influence of brand image of customer satisfaction so that will increase to purchase intention.

The findings of the study showed that all variables had positive significant positive except the influence between trust to customer satisfaction that did not have an effect and not significant.

Keywords: *CSR (Corporate Social Responsibility), brand image, trust, customer satisfaction, purchase intention*

Introduction

The study of corporate social responsibility (CSR) has been prevalent in the business world, as well as in banking. From a business perspective, CSR investments contribute to strengthening the company's competitive advantage through improved customer relationships pelanggannya (Carroll & Shabana, 2010). The results of the study explained through CSR relationships with various loyalty outcomes including the development of a strong positive attitude to the company, the willingness to advocate the company, and the intention to buy back its products, where the results of CSR activity influence literatures on consumer loyalty are large (Lacey, Kennett-Hensel, & Manolis, 2015).

The practice of corporate social responsibility (CSR) is increasing from all countries and industries. Through the adoption of CSR practices, a company shows that their company not only generates profits, but also recognizes universal human values. CSR can improve the corporate image to increase the value of trust so that ultimately can affect consumer attitudes to the company positively. Therefore, CSR is very important for the company (Lee & Lee, 2015). The growing popularity of CSR practices is further fueled by the fact that consumers are increasingly considering social and environmental criteria into their purchasing decisions (Chang & Yeh, 2017; García-



Jiménez, Ruiz-de-Maya, & López-López, 2017; Li, Fu, & Huang, 2015; Wongpitch, Minakan, Powpaka, & Laohavichien, 2016).

According to law no. 40 concerning limited liability companies (PT) in 2007 which contains provisions requiring companies to set aside a portion of their profits for Corporate Social Responsibility (CSR) program, as well as in Central Java Regional Development Bank (BPD), which has implemented many CSR programs in Central Java. This research will analyze CSR model in increasing purchase intention through Brand Image moderation variable.

Formulation Of The Problem

Research Gap

Results of research showing the effect of the relationship between CSR with purchase intention as in study

Table 1.
Research Gap Between Corporate Social Responsibility (CSR) in improving Purchase Intention

No	Name	Variable	Results of research
1	(Wongpitch et al., 2016)	<ul style="list-style-type: none">- CSR- Purchase intention- Altruistic motives- Attitudes- Brand	The CSR motive on buying intentions finds that altruistic motives positively influence attitudes to the firm, which in turn affects purchasing intentions through the perception of quality and attitudes to the brand.
2	(Lee & Lee, 2015)	<ul style="list-style-type: none">- CSR- Purchase intention	These findings imply that consumer self-concept is closely related to high level CSR dimensions and is less related to the company's core tasks such as economic and legal responsibilities. It is also affirmed that the ethical responsibility of fashion companies and philanthropic responsibilities can be more influential. We find that ethical responsibility is a relatively good dimension in influencing purchase intentions compared to other CSR dimensions (ie, economic, legal, philanthropic).



Business Phenomenon

The Regional Development Bank (BPD) of Central Java, is one of the state owned enterprises performing CSR programs, and is currently awarded a platinum award at the Indonesia Corporate Social Responsibility Award (ICSRA) 2017 event as the Bank of the best CSR program with a rating of one.

The CSR funds already distributed by BPD of Central Java amounted to Rp16.61 billion from 2008 to 2016. The amount of CSR funds depends on the conditions faced, but in case of natural disasters, then the CSR for natural disasters will be a priority. In addition, BPD of Central Java also played an active role in poverty alleviation program with Prosperous Central Java Card (KJS) together with Social Service of Central Java Province.

In the central Java province, CSR from BPD of Central Java has been widely felt by the community, such as CSR in uninhabitable home program, ambulance assistance, fire fighting aid, etc., while CSR in the form of educational development such as infrastructure supports, promotional assistance, construction of parks as well as banking training and banking program application assistance. The amount of budget funds for the implementation of CSR programs that have been channeled by Central Java BPD in Central Java community needs to be evaluated whether the CSR program that has been running is effective in achieving company goals or not. So it is necessary to do research to find out how the influence of CSR on efforts to increase purchases intention through variable brand image moderation.

Formulation of the problem

Based on the research gap of the business literature described above, it can be formulated research problem that is, "still finding inconsistency findings of research results between the influence of CSR programs on efforts to increase purchases intention. Therefore the problem in this research can be formulated as follows: How research model that can fill the research gap on the role of CSR in improving purchases intention.

Research question

This study includes a comprehensive study through research problems that are raised into several research questions including:

1. Can CSR encourage brand image that can ultimately improve purchases intention.
2. Whether the brand image can improve the customer trust which in turn can improve purchases intention
3. Whether brand image can improve customer satisfaction which in turn can improve purchases intention



Research purposes

Based on the formulation of research problems, it can be prepared the purpose of this study are as follows:

1. The general objective of this research is to build new theoretical models to address the gaps in previous research outcomes on the impact of CSR on purchases intention
2. Specific Objectives of this research is to conduct empirical testing on the theoretical models to be proposed, including:
 - a. Test the influence of CSR in encouraging brand image that ultimately improves purchases intention.
 - b. Testing the brand image in improving customer trusts can ultimately improve purchases intention
 - c. Testing the brand image in improving customer satisfaction which ultimately can improve purchases intention

Literature review

The concept of CSR in the perspective of Theory of Reasoned Action (TRA)

Theory of Reasoned Action (TRA) is a social psychological model that deals with determinants of conscious behavior. TRA assumes that individuals are usually rational and will consider the implications of their actions before deciding whether to perform certain behaviors (I Ajzen, 1980).

In many CSR literature it is defined from a different perspective with Friedman's classical view of maximizing shareholder returns to a modern view of CSR relating to corporate activities with the interests of the community as a stakeholder obligation (Fatma & Rahman, 2016). In accordance with the TRA, the terms of responsibility that are programmed here are not directly related to duties or obligations, but voluntarily. But apart from the development of CSR concepts, many have incorporated CSR as a social obligation, as conscious behavior that will affect the actions of the costumer (Maignan & Ferrell, 2000).

CSR in the banking industry

Banking activities who are socially responsible have received significant attention. Most CSR programs are concerned in social problems solving and community welfare programs, so banks can be categorized as active investors in CSR activities.

BPD allocates billions of rupiah for CSR program in strengthening their brand image. The importance of establishing and managing brand image in the service sector is very high because of the intangible nature of the product to build trust among stakeholders (Pérez, del Mar García de los Salmones, & Rodríguez del Bosque, 2013). Considering the crucial implications of CSR, the banking industry in Indonesia is very competitive, so companies need to start implementing CSR activities as a differentiating solution from competition (Fatma & Rahman, 2016). In addition, the law also regulates banking companies to invest two percent of their profits in CSR activities



Brand Image

Brand image is the mentally image of the consumer about the offering as a symbolic meaning attributed to the particular attribute of the product or service; in other words, the brand representation in the mind of the consumer is associated with a set of brand perceptions and reflected in the brand association, so the brand image is the soul of the product or service (Chinomona, 2016).

2.1. Trust.

Trust can be explained as a positive expectation that individuals have about organizational member behavior based on role, relationship, experience, and interdependence. With trust can be a distinct organizational competitive advantage (Alaarj, Abidin-Mohamed, & Bustamam, 2016)

2.2. Customer Satisfaction

Customer satisfaction is defined as circumstances where customer needs, wants and expectations can be met through the products or services consumed. So that between feeling happy with a person's disappointment is the result of performance or perceived results compared with expectations. Customer satisfaction is the comparison between the expected service (expectations) and performance (perceived performance). Customer satisfaction as an overall evaluation based on customer purchasing and consumption experience or service over time (Ruiz Díaz, 2017).

Based on literature review and research model hence can be determined research hypothesis:

H1: The stronger the CSR the higher the brand image level

H2: The higher the brand image the higher the trust

H3: The higher the trust then the higher customer satisfaction

H4: The higher the brand image the higher the customer satisfaction

H5: The higher the brand image the higher the customer satisfaction

H6: The higher the trust then the higher the purchase intention

H7: The higher customer satisfaction will be higher purchase intention

Methods

The following research is "Explanatory Research" which is explanatory research, the relationship between research variables by testing the hypothesis, the data source is the primary data obtained directly from the original source or without going through the intermediary. Primary data in the study obtained from the questionnaire distributed to respondents who become customers of PT. BPD Central Java

Participants

Determination of the number of samples for the analysis of Structural Equation Modeling between 100 to 200 and in this study a number of 135 students from three universities in Central Java consisting of Unisnu Jepara, UMK Kudus and Unwahas Semarang.



Result

Data analysis in this research is passed in several stages, namely:

Descriptive Analysis

Descriptive analysis is needed to determine the tendency of respondents' answers on research variables.

Table 2
Descriptive Analysis

variable	<u>Indeks</u>	Information
CSR	47,4	Medium
Brand Image	46,7	Medium
Trust	43,5	Medium
Customer Satisfaction	43,4	Medium
Purchase intention	45,2	Medium

Referring to the result of index calculation can be seen that the tendency of respondent answer leads to medium category.

Confirmatory Analysis

Confirmatory analysis is needed considering the variables studied are latent variables that require the determination of indicators as a measuring tool. Therefore, it is important to know whether the indicator set can measure the variables studied.

Table 3
Results of Confirmatory Analysis

	Std Estimate	Estimate	S.E.	C.R.	P
X1 <--- CSR	,746	1,000			
X2 <--- CSR	,655	,934	,131	7,110	***
X3 <--- CSR	,701	1,141	,153	7,452	***
X4 <--- Brand_Image	,747	1,000			
X5 <--- Brand_Image	,715	,855	,111	7,693	***
X6 <--- Brand_Image	,700	,749	,097	7,739	***
X7 <--- Trust	,810	1,000			
X8 <--- Trust	,831	1,064	,111	9,573	***
X9 <--- Trust	,802	,946	,102	9,316	***
X10 <--- Customer_Satisfaction	,813	1,000			
X11 <--- Customer_Satisfaction	,806	1,021	,112	9,127	***
X12 <--- Customer_Satisfaction	,772	,983	,114	8,593	***
X13 <--- Purchase_Intention	,873	1,000			
X14 <--- Purchase_Intention	,830	,986	,093	10,560	***
X15 <--- Purchase_Intention	,767	,913	,093	9,804	***



The standardized estimate value set in theory is > 0.5 . The result of calculation of standardized estimate value for each indicator has met the criteria set so that it can be concluded that the indicator set is the right indicator.

Testing of SEM Requirements

- a. Normality testing requires a multivariate CR value of ± 2.58 whereas the multivariate CR for this study is 1.149 which is within the specified range so it can be concluded that the normality requirements of the data can be met.
- b. Outliers is an analysis performed to determine the presence or absence of extreme data. Observation whether there is an outlier is examined from Mahalanobis distance count (35,871) which is smaller than Chi Square table value (37,697) so it can be concluded that there is no outliers in research data.
- c. Multicollinearity and Singularity analysis is needed to know the relationship between exogenous variables. Because the exogenous variables studied in this study consist of only one variable then multicollinearity and Singularity were not performed in this study.
- d. Analysis of residual to know the error of result of research model test. Residual analysis was evaluated from standardized residual value > 2.58 . Testing of this model does not produce a standardized residual value above 2.58 so it can be concluded that there is no residual problem.
- e. Reliability Construct and Variance Extracted
Reliability construct and variance extracted represent validity and reliability test with SEM approach. Reliability value Reliability construct $> 0,7$ and variance extracted $> 0,5$.

Table 4
Reliability Construct and Variance Extracted

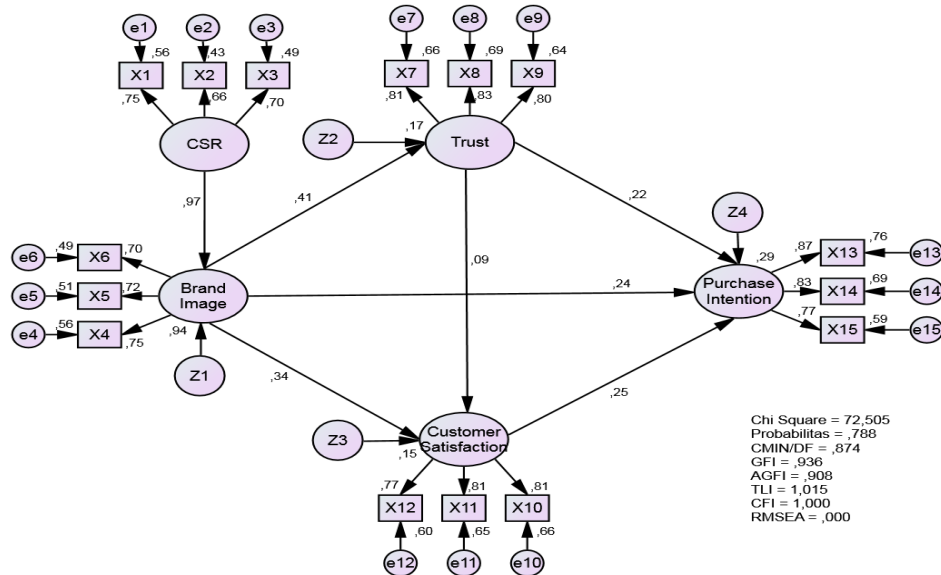
Variabel	Reliability Construct	Variance Extracted
CSR	0,750	0,501
Brand Image	0,776	0,536
Trust	0,855	0,663
Customer Satisfaction	0,839	0,636
Purchase Intention	0,864	0,680

The result of calculation which has been done shows that the result of Reliability construct and variance extracted for each variable has met the criteria mean that the observed indicators can reflect the factors analyzed and together can reflect the existence of a un-dimensionality.

Model Feasibility Testing

Here is the result of testing the research model with Structural Equation Modeling approach.

Figure 1
Testing Research Model



Model feasibility needs to be done to determine whether the model is acceptable or not.

Table 5
Model Feasibility Testing

<i>Goodness of Fit Indeks</i>	<i>Cut of Value</i>	Results	Model Evaluation
Chi-Square (df = 83)	Small (<105,267)	72,505	Good
Probability	≥ 0,05	0,788	Good
CMIN/DF	≤ 2,00	0,874	Good
GFI	≥ 0.90	0,936	Marginal
AGFI	≥ 0.90	0,908	Marginal
TLI	≥ 0.95	1,015	Good
CFI	≥ 0.95	1,000	Good
RMSEA	≤ 0,08	0,000	Good

Acceptance or rejection of the research model is based on Chi Square values and probability values. Chi Square counts (72,505) < Chi Square Table (105.267) and probability 0.788 < 0.05 become empirical evidence that the model is acceptable or in other words can describe the estimated population.

Hypothesis Testing

Hypothesis testing became the final step undertaken in this study. Here is the result of hypothesis testing.

Table 6
Hypothesis Test Results

			Std	Estimate	S.E.	C.R.	P
			Estimate				
<u>Brand Image</u>	<---	CSR	,971	1,023	,138	7,412	***
Trust	<---	<u>Brand Image</u>	,413	,391	,101	3,874	***
<u>Customer Satisfaction</u>	<---	Trust	,091	,084	,101	,828	,408
<u>Customer Satisfaction</u>	<---	<u>Brand Image</u>	,341	,299	,100	2,986	,003
<u>Purchase Intention</u>	<---	<u>Brand Image</u>	,241	,246	,114	2,160	,031
<u>Purchase Intention</u>	<---	Trust	,221	,239	,110	2,171	,030
<u>Purchase Intention</u>	<---	<u>Customer Satisfaction</u>	,251	,293	,119	2,466	,014

This study tested seven research hypotheses. Of the seven hypotheses, only one hypothesis whose effect can not be proven, namely the effect of trust on customer satisfaction where the probability value: 0.408 greater than 0.05.

Conclusions

The results of the research show that: Variable research that have a significant positive effect is, CSR on Brand image, Brand image to trust, brand image to customer satisfaction, brand image to purchase intention, trust to purchase intention, trust to purchase intention, and customer satisfaction to purchase intention. While the variable that does not affect the trust customer satisfaction.

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