



## Understanding The Influence Of Corporate Social Responsibility And Brand Image On Customer Loyalty, Using Customer Satisfaction As An Intermediary Factor

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### How to Cite :

Indriawati, A. A., (2024). *Understanding The Influence Of Corporate Social Responsibility And Brand Image On Customer Loyalty, Using Customer Satisfaction As An Intermediary Factor*. *Bima Journal : Business, Management and Accounting Journal*, 5 (2). DOI: <https://doi.org/10.37638/bima.5.2.123-132>

### ARTICLE HISTORY

Received [16 Oktober 2024]

Revised [28 November 2024]

Accepted [16 December 2024]

### KEYWORDS

Marketing, Corporate Social Responsibility, Consumer behavior, Brand Image, Business Strategy

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### ABSTRACT

**Purpose:** This research aims to examine the influence of corporate social responsibility (CSR) and brand image on customer loyalty, with customer satisfaction as a mediating variable. **Methodology:** A quantitative method with a survey approach was applied, using data collected through questionnaires distributed to relevant customers. Data were analyzed using Structural Equation Modeling (SEM) to test the relationships among the variables. **Results:** The findings reveal that CSR and brand image significantly affect customer satisfaction, which in turn enhances customer loyalty. **Findings:** Customer satisfaction plays a critical mediating role, linking the direct effects of CSR and brand image to customer loyalty. **Originality:** This research develops an integrative model that combines CSR, brand image, and customer satisfaction, offering a comprehensive perspective on their relationships. **Novelty:** The study highlights the mediating role of customer satisfaction, providing novel insights into how CSR and brand image contribute to loyalty. **Conclusions:** Companies should prioritize CSR initiatives and maintain a strong brand image to foster customer satisfaction and loyalty sustainably.

**Type of Paper:** Empirical research paper.

## INTRODUCTION

Corporate Social Responsibility (CSR) refers to a company's commitment to act ethically and contribute to the welfare of society and environmental preservation while maintaining long-term economic sustainability. CSR, according to Sultono (2020), includes a company's efforts to reduce the negative impact of its operations and maximize its positive impact on stakeholders, both at the internal and external levels. CSR not only focuses on providing social assistance, but also includes fair treatment of employees, good relationships with suppliers, and sustainability initiatives that cover environmental and social aspects (Sulistiawan, 2024). John Elkington through the 3P model emphasizes that a good company should not only be profit-oriented, but also people (society) and planet (environment).

In Indonesia, CSR is implemented in various forms, such as community empowerment, environmental conservation, and social welfare programs. For example, companies conduct skills

training, provide access to education, and implement environmentally friendly initiatives such as waste management and reforestation. These programs aim to improve the quality of life of the community while building a positive image of the company in the eyes of consumers. Consistently implemented CSR programs can create a positive perception of the company, which in turn strengthens the brand image. A strong brand image, which reflects quality, trust, and alignment with customer values, can increase customer satisfaction, which then contributes to customer loyalty.

While CSR has been shown to have a positive impact on brand image and customer satisfaction, its impact on customer loyalty is still not entirely clear. Some studies show a positive relationship between CSR and customer loyalty, but mediating variables, such as customer satisfaction, are often overlooked. In fact, customer satisfaction plays an important role in creating long-term loyalty. In addition, well-executed CSR can strengthen customer loyalty directly by building stronger emotional bonds and trust between companies and customers.

This study aims to fill the knowledge gap by investigating the mediating role of customer satisfaction in the relationship between CSR, brand image, and customer loyalty. Specifically, it has four main objectives: to identify the impact of CSR strategies on brand image by examining how corporate social and environmental efforts enhance positive consumer perceptions; to analyze the relationship between positive brand image and customer satisfaction, particularly in improving customer experiences, trust, and value alignment; to explore how customer satisfaction contributes to long-term customer loyalty, including reducing the likelihood of brand switching; and to evaluate the mediating roles of brand image and customer satisfaction in linking CSR to customer loyalty while providing strategic recommendations for effective and sustainable CSR program implementation.

By adopting this approach, the study seeks to offer a comprehensive understanding of the mechanisms through which CSR impacts customer loyalty, emphasizing the interconnected roles of brand image and customer satisfaction. The findings are anticipated to bridge theoretical gaps while offering actionable insights for businesses aiming to align their CSR initiatives with consumer expectations. Moreover, this research highlights the strategic value of CSR in fostering customer trust and emotional bonds, ultimately contributing to long-term brand resilience. Through these contributions, the study aspires to support companies in achieving competitive advantage while addressing broader social and environmental challenges.

## METHOD

In this study, a series of data analysis was conducted to ensure accurate and reliable results. The analysis includes validity and reliability analysis, goodness of fit test, hypothesis testing, and mediation analysis. All of these analyses aim to ensure that the tested model can accurately describe the relationship between variables.

This research uses quantitative methods with data collection through surveys involving respondents living in the West Java region. The sample was randomly selected to ensure representativeness, where each individual has an equal chance of being selected. This random sampling aims to reduce potential bias and increase the validity of the research results (Sugiyono, 2019; Siti Ralpingalh., 2022). The distributed questionnaire consists of 21 indicators used to measure variables related to the object of research.

Structural Equation Modeling (SEM) was used for data analysis, with AMOS software. To determine the minimum sample size required, this study followed the formula developed by Bentler and Chou (1987). According to the formula, the sample size should be five times the number of free parameters in the model, which includes indicators, errors, and structural arrows. In this study, there are 28 free parameters (21 indicators, 3 errors, and 4 structural arrows), so the minimum sample size can be calculated as follows:

$$n = 5 \times \text{Number of Free Parameters}$$

$$n = 5 \times (21 \text{ indicators} + 3 \text{ errors} + 4 \text{ structural arrows})$$

$$n = 5 \times 28 = 140$$

Based on this calculation, the minimum sample size required is 140 respondents. This study involved 151 respondents, which met the requirements for using SEM. According to Bentler and Chou (1987), the ideal sample size for SEM analysis with the Maximum Likelihood (ML) estimation method is between 100 and 200 respondents (Summarecon Lomax, 2000). Thus, the sample used in this study has met the criteria for the SEM test.

**Table 1. Operational Definition Of Variables**

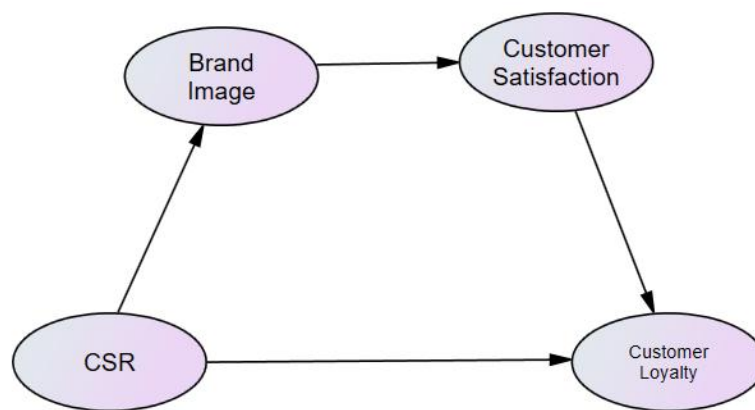
Variable	Item Measurement	Reference
CSR (X1)	<ul style="list-style-type: none"> <li>a. The company makes investments for business development.</li> <li>b. Pay employee salaries appropriately</li> <li>c. Comply with applicable laws and regulations.</li> <li>d. Apply transparency in decision-making</li> <li>e. implementing numerous charitable initiatives, including scholarship programs</li> <li>f. Conserve the environment by planting new trees.</li> </ul>	Carroll, A. B. (2016)
Brand Image (X2)	<ul style="list-style-type: none"> <li>a. Customers can quickly recall brands</li> <li>b. The brand represents the quality of the product</li> <li>c. Brands are distinctive and distinctive in order to set themselves apart from rivals.</li> <li>d. The product has good quality</li> <li>e. Good and fast service</li> </ul>	Tjiptono (2020)
Customer Satisfaction (X3)	<ul style="list-style-type: none"> <li>a. Product quality according to consumer expectations</li> <li>b. Consistent and reliable product quality.</li> <li>c. Fast and efficient service.</li> <li>d. Product quality in accordance with the price</li> <li>e. Products that provide guarantees and warranties</li> </ul>	Tjiptono (2020)
Customer Loyalty (Y)	<ul style="list-style-type: none"> <li>a. Consumer choice to make repeat purchases</li> <li>b. Consumers recommend products to others</li> <li>c. reduced impact of competing products</li> <li>d. consumers are loyal to the brand</li> <li>e. Consumers are not interested in competitors</li> </ul>	Tjiptono (dalam Mashuri., 2020)

Source: Primary data processed in 2024

Using IBM SPSS AMOS software, structural equation modeling (SEM), was employed as an analytical tool in this investigation. Path analysis, regression, and factor analysis are some SEM techniques for general linear, cross-sectional, and statistical modeling (Sarwono, J. 2017). A multivariate statistical technique called SEM enables the evaluation of the coexistence of various causal relationships between variables. In SEM, there are two different types of variables known as exogenous and endogenous variables. Variables that can be measured and observed directly are called exogenous, while endogenous variables cannot be observed and measured directly. Joseph F. Hair (2014) states that the application of SEM allows researchers to effectively study and evaluate the relationship between complex variables.

SEM is used as a data analysis tool because it is able to handle complex relationships, including direct and indirect effects between variables. With the ability to evaluate the fit of the theoretical model and identify mediation or moderation effects, SEM is an ideal method to test relationship models involving many variables and indicators.

Figure 1. Conceptual Model of Research



### Hypotheses

H1 : CSR has a significant effect on brand image,

When companies demonstrate real social responsibility, this can create positive perceptions that strengthen brand image.

H2 : Brand image has a significant effect on customer satisfaction

A brand that is considered high quality, trustworthy, and in line with customer values will increase their level of satisfaction with the product or service offered.

H3 : Customer satisfaction has a significant effect on customer loyalty

Customers who are satisfied with a company's products or services tend to buy again and remain loyal to the brand in the long run.

H4 : CSR has a significant and positive effect on customer loyalty

By demonstrating strong social responsibility, companies can build emotional bonds and trust with customers, which in turn increases their loyalty.

## RESULTS AND DISCUSSION

A data quality test was performed on this research instrument to assess its validity and reliability using AMOS v.26 software. The data quality test yielded the following results:

**Table 2. Validity & Reliability Test Results**

Variable	Item	Factor Loading	Construct Reliability	Average Variance Extracted
CSR	C1	0,772	0,877	0,544
	C2	0,787		
	C3	0,727		
	C4	0,727		
	C5	0,736		
	C6	0,774		
Brand Image	B1	0,773	0,889	0,616
	B2	0,778		
	B3	0,848		
	B4	0,792		
	B5	0,793		
Customer Satisfaction	CS1	0,823	0,884	0,604
	CS2	0,771		
	CS3	0,748		
	CS4	0,755		
	CS5	0,831		
Customer Loyalty	CL1	0,807	0,900	0,644
	CL2	0,801		
	CL3	0,859		
	CL4	0,771		
	CL5	0,771		

Source: Primary data processed in 2024

#### **Validity and Reliability Testing :**

The results demonstrate the validity and reliability of the research instrument using AMOS v.26. The factor loading values are all  $\geq 0.5$  for each variable, indicating validity, as suggested by Ghozali (2017). Construct reliability (CR) values are all  $\geq 0.7$ , and the Average Variance Extracted (AVE) values are all  $\geq 0.5$ , confirming reliability. This establishes that all instruments used in the study are consistent and valid for further analysis.

#### **Goodness of Fit**

It is a criterion used to assess how well a statistical model, particularly in structural analysis or equation modeling, fits the observed data. The table provides information about the fit of the model to the data tested.

**Table 3. Assessment Of Goodness Of Fit Analysis Results**

Goodness of fit index	Cut-off value	Research model	Model
Chi Square	As small as possible	225,201	
Probability	≥ 0,5	0,023	Not fit
CMIN/DF	≤ 2.00	1,217	Good fit
RMSEA	≤ 0,08	0,038	Good fit
GFI	≥ 0,90	0,879	Marginal fit
AGFI	≥ 0,90	0,849	Marginal fit
TLI	≥ 0,95	0,978	Good fit
CFI	≥ 0,95	0,981	Good fit

Source: Primary data processed in 2024

**Goodness of Fit Testing:**

The model fit was evaluated using multiple indices: CMIN/DF (1.217), RMSEA (0.038), TLI (0.978), and CFI (0.981), all indicating a good fit. However, the GFI (0.879) and AGFI (0.849) show a marginal fit, meaning there is slight room for improvement in these areas.

This assessment supports that the proposed structural model reasonably fits the observed data based on Hair (2014)'s recommendation that a model needs to meet 4-5 Goodness of Fit indices for eligibility.

**Hypothesis Testing**

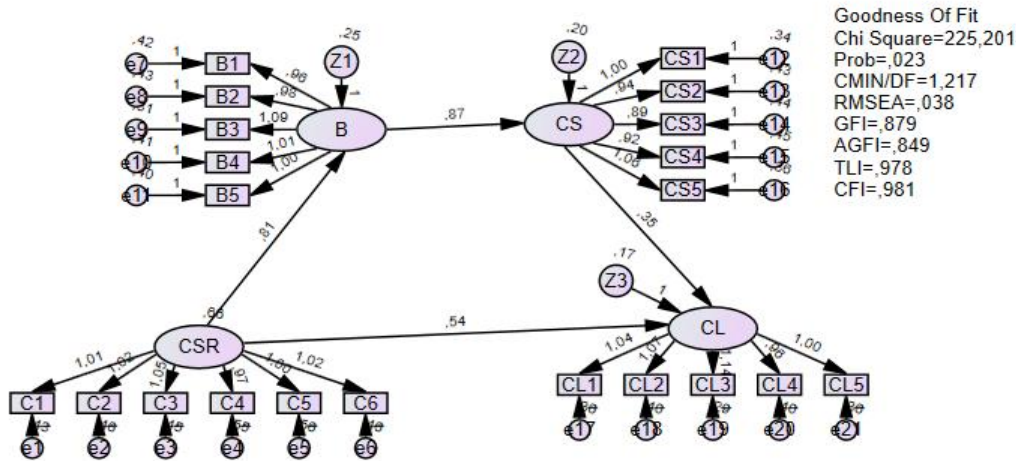
The goal of this research hypothesis test is to discover the answers to the questions posed and analyze how structural models relate to each other. To find out how big and significant the influence between variables is, this process is very important. Table 4 presents the outcomes of hypothesis data analysis conducted with reference to the standardized regression weight value.

**Table 4. Relationship Between Variables**

→		Estimate	S.E.	C.R.	P	Hypothesis
CSR	BI	0,812	0,101	8,032	0,000	Significant positive
BI	CS	0,869	0,092	9,411	0,000	Significant positive
CS	CL	0,348	0,091	3,821	0,000	Significant positive
CSR	CL	0,541	0,103	5,236	0,000	Significant positive

Source: Primary data processed in 2024

Figure 2. Research Model Test Results



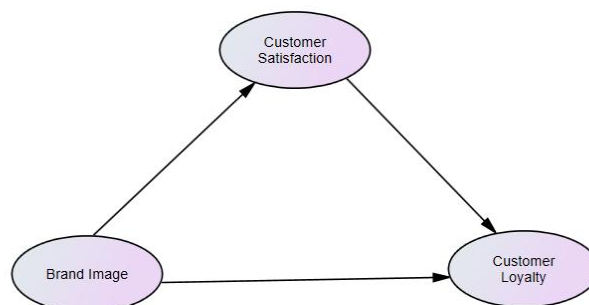
The data analysis outcomes indicate that there is a connection between the following research variables:

1. CSR → Brand Image:  
 CSR significantly positively influences brand image, evidenced by a coefficient of 0.812 and a p-value < 0.05. This implies that CSR initiatives effectively enhance brand perception among customers.
2. Brand Image → Customer Satisfaction:  
 A strong relationship between brand image and customer satisfaction is demonstrated by a coefficient of 0.869 and a p-value < 0.05. Positive brand perceptions lead to enhanced customer satisfaction levels.
3. Customer Satisfaction → Customer Loyalty:  
 Customer satisfaction significantly affects customer loyalty (coefficient 0.348; p < 0.05). Higher satisfaction leads to stronger customer loyalty, indicating emotional attachment and sustained brand preference.
4. CSR → Customer Loyalty:  
 CSR directly impacts customer loyalty (coefficient 0.541; p < 0.05). When customers see a brand as socially and environmentally conscious, loyalty increases.

**Mediation Test Results**

The mediation test's goal is to get a knowledge and analysis of the function of the mediator variable, customer satisfaction, in the link with variable X2, specifically brand image, and variable Y, which is customer loyalty.

Figure 3. Research Mediation Model



**Table 5. The Effect Of Mediating Variables**

	B	CS	CL
CS	0	0	0
CL	0,315	0	0

Source: Primary data processed in 2024

**Table 6. Significance Of Mediating Variables**

	B	CS	CL
CS	..	...	...
CL	0,006	...	...

Source: Primary data processed in 2024

**Mediation Test Interpretation:**

Customer satisfaction plays a mediating role in the relationship between brand image and customer loyalty, with a significant mediating effect (impact 0.315, p-value = 0.006). This suggests that brand image indirectly contributes to customer loyalty through enhanced customer satisfaction.

**CONCLUSION**

Analyzing the results of several analyses performed on data gathered from 151 participants who participated in this survey, the research conclusions can be concluded:

1. **CSR Impact on Brand Image:**  
CSR strategies positively influence brand image, reinforcing customer perception and brand positioning.
2. **Brand Image and Customer Satisfaction:**  
Positive brand images elevate customer satisfaction, strengthening consumer experiences, trust, and satisfaction levels.
3. **Customer Satisfaction and Loyalty:**  
Satisfied customers demonstrate higher loyalty, fostering long-term engagement and reducing brand-switching tendencies.
4. **CSR and Customer Loyalty:**  
CSR directly strengthens customer loyalty through societal and environmental commitments, enhancing brand engagement.

**Recommendations for Businesses:**

1. Implement CSR strategies aligned with social, legal, and environmental values to reinforce brand image.
2. Focus on strategies to improve customer satisfaction as a pathway to building loyalty, emphasizing positive brand perception and sustainable CSR practices.
3. Prioritize CSR initiatives that resonate with customers' values to create strong emotional connections and market positioning.

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