

GSJ: Volume 9, Issue 1, January 2021, Online: ISSN 2320-9186
www.globalscientificjournal.com

THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON CONSUMER PURCHASE DECISIONS MEDIATED BY BRAND IMAGE AND COMPANY REPUTATION ON LIFEBOUY PRODUCTS

Bella Gita Asmara, Dwi Sunu Kanto

Keywords: Corporate Social Responsibility (CSR), Brand Image, Company Reputation, Purchase Decision, Lifebuoy.

ABSTRACT

This study aims to examine and analyze the effect of Corporate Social Responsibility (CSR) associated with the Lifebuoy soap hand washing campaign on the Brand Image of Lifebuoy and Company Reputation and its impact on Consumer Purchase Decisions of Lifebuoy soap. The sampling method used was saturated sampling or census from the members and management of the PKK, Kalibata Village, South Jakarta, involving 127 respondents who participated in the commemoration of world hand washing with soap day. The analytical method used in this research is Structural Equation Modeling (SEM) assisted by the SmartPLS 3.3.3 program. The results show that Corporate Social Responsibility (CSR) positively and significantly influences the Lifebuoy Brand Image. Meanwhile, Corporate Social Responsibility (CSR) has no effect on Company Reputation and Purchasing Decisions. Furthermore, Brand Image on Purchasing Decisions and on Company Reputation both have a significant positive effect. Company reputation also has a positive and significant effect on Purchasing Decisions for Lifebuoy soap products. In addition, this study reveals the indirect influence of Corporate Social Responsibility (CSR) on Purchasing Decisions through Brand Image and Company Reputation. Corporate Social Responsibility (CSR) on Purchasing Decisions has a positive and significant effect with Brand Image as a mediator. Meanwhile, Corporate Social Responsibility (CSR) on purchasing decisions mediated by the company's reputation has no effect. Furthermore, Brand Image on Purchasing Decisions mediated by Company Reputation has a positive effect. Brand Image is also able to mediate the relationship between Corporate Social Responsibility (CSR) and Company Reputation. In addition, Brand Image and Company Reputation are also able to mediate the relationship between Corporate Social Responsibility (CSR) and Purchase Decisions. This means that the Brand Image of Lifebuoy products and Company Reputation are able to mediate Corporate Social Responsibility (CSR) into Purchasing Decisions for Lifebuoy soap products.

INTRODUCTION

Corporate social responsibility (CSR) is a form of sustainability reporting that provides information on various aspects of the company ranging from social, environmental and financial aspects as well as those that cannot be explained implicitly by a company financial report alone. Furthermore, corporate social responsibility (CSR) in the company explains the economic, environmental, labor, human rights, social and product responsibility aspects, however within the scope of the discussion of corporate social responsibility, there are several different theories and approaches, where research These studies are very complex and in some cases very contradictory, which are used to explain the company's motivation towards sustainability behavior.

Lifebuoy is an example of a company that uses CSR initiatives to build a corporate image and create a brand image through advertising and health campaigns. Lifebuoy continues to play a role in improving health in the community

through the hand washing with soap (CTPS) movement. And always consistency in building the image, Lifebuoyone of which is through the endorsement of the IDI (Indonesian Doctors' Association) on the packaging. Lifebuoy applies amarketing communication mix in all lines very effectively.

Apart from corporate social responsibility (CSR), this study also examines how the company's brand image and reputation affect purchasing decisions. When consuming a product other than wants, (prospective) consumers are also urged by the needs. They must also be able to make the right choice on the brand of product to be purchased. Meanwhile, for the producer of a product that is considered useful if it reaches its target and is in accordance with the stated target.

Every company will make every effort to maintain and maintain the excellence of their product brand image. This is important because realizing companies often assume a good brand image with the quality of the product itself. Brand image has also been considered as a prestige needed by consumers in consuming a product. Thus, this assumption will certainly be an important guideline for the company in achieving the positive influence arising from the brand image their product.

PT. Unilever Indonesia Tbk, a large company that has been a pioneer and producer of Indonesian family bath soap using the lifebuoy brand and has a good corporate reputation. Lifebuoy can be said to be quite popular and we have known it for a long time as family bath soap, because almost all families in Indonesia have used it.

Based on this, the magnitude of the influence of corporate social responsibility (CSR), brand image and company reputation on purchasing decisions for Lifebuoy products is not certain. For this reason, the author tries to research it with the title "The Effect of Corporate Social Responsibility (CSR) on Purchasing Decisions Mediated by Brand Image and Company Reputation on Lifebuoy Products".

LITERATURE REVIEW

1. Corporate Social Responsibility

The concept of corporate social responsibility (CSR) was first put forward by Howard R. Bowen in 1953 and since then has experienced 'enrichment' of the concept. The development of the CSR concept that occurred during this fifty years, so that it is no longer mistaken has changed the orientation of CSR a lot. If initially CSR activities were based more on 'philanthropic' activities, now we see that CSR has been used as one of the company's strategies to improve the company's image which will also affect the company's financial performance. This change in CSR orientation has resulted in a new concept which is now known as corporate citizenship (Tantri Abeng, in Kartini. 2009: 11).

2. Brand Image

In general, there are 5 dimensions of brand image according to Kotler and Keller (2012), namely:

- 1) Memorable : easy to remember, how easy consumers remember the company brand.
- 2) Meaningful : means a lot, how good is the brand's credibility, whether it represents the product and brand consumers.
- 3) Likeable Likable : , the brand's level of beauty and attractiveness.
- 4) Transferable : transferable, the brand's ability to represent a varied range of products, not just one type of product.
- 5) Adaptable : adaptable, brand relevance in the times.

3. Company Reputation

According to Gaotsi and Wilson (2011), thereputation is an evaluation of all stakeholders of the organization at all times based on the experiences of stakeholders thesewith the organization. Reputation is almost the same as image, but image is generally related to the views of outsiders on the organization. Meanwhile, reputation is an assessment of stakeholders both internal and external to the organization.

4. Purchasing Decisions

Kotler and Keller (2012) state that "a purchase decision is an action by consumers whether to buy a product or not."

Of the various factors that influence consumers in purchasing a product or service, usually consumers always consider the quality, price and products that are well known to the public before consumers decide to buy, usually consumers go through several stages first, namely, (1) problem recognition, (2) information search, (3) evaluation of alternatives, (4) decision to buy or not, (5) post-purchase behavior. However, in more routine purchases, consumers often skip or reverse some of these stages.

CONCEPTUAL MODEL

A purchasing decision tends to be examined by various companies to determine the tendency of buyers or customers in assessing products from the perspective of social communication, brand image, and company reputation of a particular product. Based on the results of previous research studies and based on existing theories, the framework in this study can be described as follows:

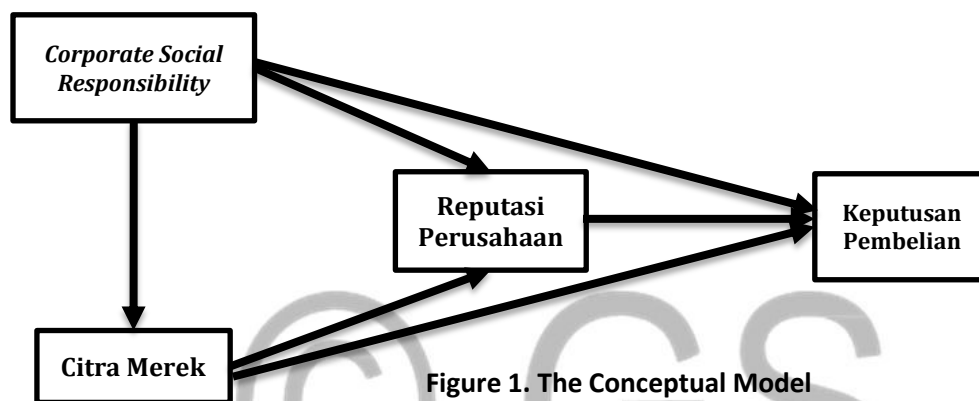


Figure 1. The Conceptual Model

Description:

Independent Variable: Corporate Social Responsibility

Intervening Variable: Brand Image, Company Reputation

Dependent Variable: Purchase Decision

Hypothesis

1) Corporate social responsibility (CSR) to the brand image

According to Rika Nurlela and Ishaludin (2008) 's research, CSR is considered very important for companies in building a brand image and corporate image. In addition, SMMR Naqvi et al. (2013) corporate CSR actions with approach triple bottom line (society, environment and economy) can create a positive impact on consumer thinking which helps in creating a positive image of the company. So it can be elaborated that corporate social responsibility is significantly related to brand image. Therefore companies must specifically focus on the types of CSR activities that can build a brand image as a competitive advantage in the market. So, the following hypothesis can be formulated:

H1: Corporate Social Responsibility (CSR) affects Brand Image

2) Corporate social responsibility (CSR) on purchasing decisions

Corporate social responsibility (CSR) is a phenomenon and strategies that companies use to accommodate the needs and interests of stakeholders. its CSR began in an era where awareness of sustainability long-term corporate was more important than just profitability company. Samuel, H and Wijaya, E (2010) in their research suggest that there is a positive influence between CSR and purchasing decisions. As well as in Gigauri, Iza (2012) suggests the same thing that there is a positive influence between CSR and purchasing decisions.

H2: Corporate Social Responsibility (CSR) affects Purchasing Decisions

3) Corporate social responsibility (CSR) to the company's reputation.

Expressed by Won-Moo Hur, et al., (2014) that CSR has a direct positive effect on the credibility of a company's brand and company reputation. So that it can be elaborated that the company's reputation is directly proportional to CSR, so that CSR should be carried out and implemented on an ongoing basis so that the company's reputation remains good in the eyes of consumers and society.

H3: Corporate Social Responsibility (CSR) affects the Company's reputation

4) Brand image on purchasing decisions

Kariuki (2015) suggests that brand image has a significant effect on customer satisfaction. When a customer is satisfied with a certain brand, psychologically it will always be embedded in the customer to buy a product that always makes the customer feel satisfied on an ongoing basis. In other words, brand image can also influence customer purchasing decisions.

H4: Brand Image has an effect on Purchasing Decisions

5) Brand image on company reputation

The relationship between brand image and company reputation in research written by Selly Natalia (2015), with the title Influence of Brand Image, Product Quality and Service Quality on Customer Loyalty through Customer Satisfaction at Marcelio Speed Shop "with research results There is an influence positive and significant between the brand image on the company's reputation, meaning that the higher the brand image, the better the company's reputation from the customer side. So, a hypothesis can be formulated:

H5: Brand Image affects the Company's reputation.

6) The company's reputation for purchasing decisions

In the research of James Agarwal (2014) suggests a positive effect of reputation on consumer trust in the product. If consumers already believe in a product, consumers will put expectations and influence consumer purchasing decisions for that product.

H6: Company reputation affects Purchasing Decisions.

7) Corporate social responsibility (CSR) to the purchasing decision, moderated by the brand image.

Research conducted by (Oktriani, 2020) states that promotional activities in the form of CSR carried out by a company can create a positive image in the eyes of consumers. For the mediating effect, brand image mediates promotional activities in the form of CSR activities on purchasing decisions.

H7: Corporate social responsibility (CSR) affects purchasing decisions mediated by brand image.

8) Corporate social responsibility (CSR) to the purchasing decision, moderated by the company's reputation.

The relationship between company reputation in mediating the effect of corporate social responsibility (CSR) on purchasing decisions. According to (Handayani, 2012) from the research results it is known that purchasing decisions are not only influenced by CSR activities, but also the level of company reputation and brand image of the product. From this previous research, the following hypothesis is formulated:

H8: Corporate social responsibility (CSR) has an effect on purchasing decisions mediated by company reputation

9) Brand image on consumer purchasing decisions mediated by company reputation.

The results of the SEM analysis carried out in the study (Prasetia Angga, 2013), states that brand image and reputation are significant variables with a CR value > 1.96. in his research, it is stated that brand image and reputation have an attachment in improving consumer purchasing decisions.

H9: Brand image on consumer purchasing decisions mediated by company reputation.

10) Corporate social responsibility (CSR) towards company reputation mediated by brand image.

In Ni Wayan Sugiarti's research, there is a positive effect of CSR on company reputation mediated by brand image. This research was conducted in Gianyar Regency with a sample of 65 people at the Toyota company.

H10: Corporate social responsibility (CSR) affects company reputation mediated by brand image

11) Corporate social responsibility (CSR) on purchasing decisions is jointly mediated by the brand image and company reputation.

The relationship between company reputation in mediating the effect of corporate social responsibility (CSR) on purchasing decisions. According to (Handayani, 2012) from the research results it is known that purchasing decisions are not only influenced by CSR activities, but also the level of company reputation and brand image of the product. From this previous research, the following hypothesis is formulated:

H11: Corporate social responsibility (CSR) affects purchasing decisions mediated by brand image and company reputation

METHODOLOGY

This research will be conducted at the Kelurahan Kalibata, South Jakarta. This research uses quantitative research methods. Data collection methods used in this study are questionnaires with a Likert Scale model. In this study, the population used was all PKK members who are still active (186 members), further sampled by calculating the sample size using the Slovin technique. Based on the calculation of the sample with the formula above found the number of samples for this study was 127,891 rounded up to 128 with an error estimation of 5%.

Analysis model that will be used is PLS (Partial Least Square) with analysis techniques are as follows:

1. Validity Test

At the stage of this, the testing is done by using a program SmartPLS version 3.3.3 Validity test consists of two parts, namely the convergent validity and discriminant validity.

2. Reliability Test

After testing the validity of the instrument, the test the next step is the reliability test measured by two criteria: Composite Reliability and Cronbach's Alpha.

3. Hypothesis Testing

To test the hypothesis, a comparison between the path coefficient results shown by the T-statistic value and the T-table is used. If the T-statistic value is higher than the T-table value, it means that the hypothesis is supported. For a 95% confidence level (alpha 5%), the T-table value for the two-tailed hypothesis is > 1.96 (Jogiyanto, 2009)

CONCLUSION

This paper proposes a conceptual model to determine how the relationship between Corporate Social Responsibility, Purchasing Decisions is mediated by brand image and company reputation on Lifebuoy products. There are eleven hypotheses proposed in this paper, which are eleven aims to overcome the relationship between the above variables. Literature reviews, conceptual models, hypothesis development and research methodology are discussed. Putting this paper into practice will instantly provide information on the relationship between corporate social responsibility, brand image, company reputation, and purchasing decisions.

REFERENCE

- [1] Agarwal, James., Osiyevskyy, Oleksiy and Feldman, Percy M. (2015). "Corporate Reputation Measurement: Alternative Factor Structures, Nomological Validity, and Organizational Outcomes". *Journal of Business Ethics*, Vol. 130: 485–506
- [2] Alhaddad, Abdullah. (2015). "A Structural Model of The Relationship Between Brand Image, Brand Trust and Brand Loyalty". *International Journal of Management Research and Reviews*, Vol. 5, No.3: 137

- [3] D, Lely and Siregar, S. Veronica. (2008) "The Effect of Corporate Social Responsibility on Company Performance (Empirical Study of Companies Listed on the Indonesia Stock Exchange in 2005 and 2006)" Journal and Proceedings of SNA - National Symposium on Accounting, Vol.11.
- [4] Dinawan, MR. (2010). "Analysis of Factors Affecting Purchasing Decisions (Case Study on Yamaha Mio Consumer PT. Harpindo Jaya Semarang)". Indonesian Journal of Marketing Science, Volume IX (3): 335-369
- [5] Fombrun, Charles J. (1996). Reputation: Realizing Value from The Corporate Image. Harvard Business School Press. USA
- [6] Gantino, Rilla (2016). "The Effect of Corporate Social Responsibility (CSR) on the Financial Performance of Manufacturing Companies listed on the Indonesia Stock Exchange 2008-2014 Period". Journal of Accounting and Business Dynamics, Vol. 3, No.2: 19-32
- [7] Gigauri, Iza. (2012). "Impact of Corporate Social Responsibility on Consumer Purchase Decision". American-Eurasian Journal of Scientific Research, Volume VII (5): 207-211
- [8] Handayani, Julfitri Dwi. (2012). "Analysis of the Influence of Socially Responsible Marketing and Corporate Social Responsibility on Brand Image and Corporate Reputation (Case Study on the Campaign "Healthy Smiles Pepsodent Smiles" from PT. Unilever Indonesia)". Thesis. Master of Management. Faculty of Economics. University of Indonesia. Depok
- [9] Hur, WM., Kim, Hanna and Woo, Jeong. (2014). "How CSR Leads to Corporate Brand Equity: Mediating Mechanisms of Corporate Brand Credibility and Reputation" Journal of Business Ethics, Vol. 125: 75–86
- [10] Hsu, Ker-Tah. (2012). "The Advertising Effects of Corporate Social Responsibility on Corporate Reputation and Brand Equity: Evidence from the Life Insurance Industry in Taiwan" Journal of Business Ethics, Vol.109: 189–201
- [11] Kariuki, MN. (2015). "The Impact of Brand Image on Customer Satisfaction in Major Supermarkets in Nairobi Country". Unpublished MBA Research project, University of Nairobi.
- [12] Kartini, Dwi. (2009). Corporate Social Responsibility Transformation of the Concept of Sustainability Management and Implementation in Indonesia. Second printing. Refika Aditama. Bandung.
- [13] Kotler, P and Keller, KL (2012). Marketing Management. 14th Global Edition. Pearson Education. United States.
- [14] Malik, ME., Ghafoor, MM and Hafiz, KI. (2012). "Impact of Brand Image, Service Quality and Price on Customer Satisfaction in Pakistan Telecommunication Sector". International Journal of Business and Social Science, Vol. 3. No. 23: 123-129
- [15] Mardikanto, Totok. (2014). Corporate Social Responsibility (Corporate Social Responsibility). Alfabeta. Bandung
- [16] Michaelis, M., Woisetschläger, David M., Backhaus, Christof and Ahlert, Dieter. (2008). "The effects of Country of Origin and Corporate Reputation on Initial Trust: An Experimental Evaluation of the Perception of Polish Consumers". International Marketing Review, Vol. 25, Issue: 4, pp.404-422