

# The Effect of CSR and Consumer Satisfaction on Customer Loyalty and Customer Trust in Sharia Banks

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## ABSTRACT

*Corporate Social Responsibility* which is a social responsibility to the community and *Customer Satisfaction* in achieving its goals, one of which is consumer loyalty or Customer Loyalty which is *influenced by Customer Trust based on the Theory of Sustainability on Marketing* That is when companies maintain their consumer status in the business world. The purpose of this study was to determine the effect of the relationship between hypotheses on the services provided from banking companies from previous research gaps. The object of research focuses on banking companies with the subject of all customers of Bank Syariah Indonesia. This study used *Structural Equation Modeling (SEM)* with 220 respondents who were distributed through questionnaires. Test drive with *IBM SPSS 22 program*. The results of this study show *Corporate Social Responsibility* to Customer Loyalty directly or mediated by Customer Trust, as well as Customer Satisfaction which has a positive influence on Customer Loyalty directly or mediated by Customer Trust.

## INTRODUCTION

In a company or business entity, business activities become the main behavior of businesspeople, so far, the company is considered an institution that provides benefits to the community, where the company must also be able to pay attention to its profits so that the company can maximize its profits and can provide maximum contributions to the surrounding community. However, these business activities must remain profit-oriented without being limited by legal differences, whether companies engaged in the use of natural resources or not that directly have an impact on the environment such as pollution, waste, product safety or labor problems, with these impacts have affected public awareness of the importance of carrying out social responsibility or known as *CSR (Corporate Social Responsibility)*, a concept that is growing rapidly in the business world.

(Yovana & Kadir, 2020) (Ardani & Mahyuni, 2020) It is a voluntary effort by the company to further increase its attention to environmental and social issues in its business activities and as a form of interaction between the company and its stakeholders. Through *CSR*, companies are expected to not only stand on a *single bottom line (Economic)*, which is only on the value of the company in the form of profit, but also must be based on *the triple bottom lines (Economic, Social, and Environmental)*, namely social problems and the surrounding environment. With the program (Yovana & Kadir, 2020) *CSR* carried out by the company will be able to have a fairly good impact on the company itself and its surroundings, such as from the benefits for this company can grow and develop by having a good image for the company with this, the company is able to create and maintain quality human resources, then it can also be seen that the impact received by this community is able to provide added value to the existence of companies in an area so that it can improve social quality in the area, this *CSR* program can also have a positive impact on the environment such as reducing excessive use of natural resources and can also become environmental quality by reducing pollution levels and companies are also involved in improving and protecting the

surrounding environment, not only that CSR programs can also provide benefits to the country, namely by preventing Business malpractices such as bribery to state and law enforcement officials and the state will also enjoy the opinion of clean taxes provided by companies. (Ardani & Mahyuni, 2020)

In the midst of this business competition, companies not only think of new buyers but also must be able to think about how consumers remain loyal to the products or services provided, *by conducting CSR programs, companies can approach the surrounding community by doing* CSR activities properly and correctly, consumers will also be willing to reject a company without a CSR program And consumers will also switch to other companies that pay more attention to their corporate responsibilities. A good image that is liked by consumers will cause loyalty because if the company's reputation is good and not bad in the eyes of consumers, there will be such a thing as consumer loyalty (Machado, et al., 2022)

With the CSR program carried out by the company, it can provide a good image for the company itself and will cause trust in its consumers, considering the products and services provided well in the market so that consumers can reject offers from various other companies (Machado, et al., 2022). Regarding CSR programs, it can provide information about the character and value of company values, and it is very useful to increase trust for the community (Martínez & Bosque, 2013). With good CSR activities, it will generate social trust from the public to the company which then the positive image will be able to be improved by the company (Rahmadika & Riauan, 2022).

Trust is the willingness of consumers to trust or rely on the brand in the risk of the expectation that the brand can provide positive results, consumers who believe in a company means that they have high confidence in the company which will eventually make consumers maintain their relationship with the company and still maintain a strong emotional bond so that the decision to use the company's products The more open and satisfaction will be felt by consumers (Mawey, et al., 2018). This trust is formed if the company can create and maintain a close relationship with consumers by maintaining their emotional connection, in maintaining an emotional relationship with consumers must be built consistently by taking a long time (Faizal & Nurjanah, 2019 ).

Consumers who believe in a company means that they have high confidence in the company which will eventually make the consumer maintain his relationship with the company and remain emotionally strong so that the decision to use the company's products and satisfaction will later be felt by consumers. That this trust works as well to build consumer loyalty (Machado, et al., 2022). Trust provides an important role in further facilitating customer repurchase intent, that trustworthy behavior by customers directly affects trust, that achieving customer trust is a major contributor to customer loyalty, that customer trust will ultimately lead to customer loyalty (Gultom, et al., 2020 ).

Customer loyalty is a deeply enduring customer's commitment to resubscribe or repurchase selected products or services consistently in the future, even though the influence of the situation and marketing efforts have the potential to cause behavior change (Gultom, et al., 2020 ). Consumer loyalty is very important for companies that maintain the continuity of their business and the continuity of their business activities, loyal customers are those who are satisfied with certain products and services, so they have the nature of enthusiasm to introduce them to anyone they know, then in the next stage loyal customers will expand their loyalty to other products and in the end they are loyal consumers to the company.

Not only consumer trust that must be considered to make consumers loyal but there are several other factors, one of which is consumer satisfaction, consumer satisfaction is also an important factor to make consumers loyal to the company, therefore companies must be able to pay attention to what things are desired by consumers so that consumers feel satisfied if consumer satisfaction is fulfilled and get what they want, then the level of Consumer loyalty is even higher (Gultom, et al., 2020 ). Every consumer also has a number of expectations when buying products or services, consumers expect them to be satisfied when shopping, and when consumers feel satisfied when shopping then they will make repeated purchases, therefore companies need to observe consumer satisfaction itself to maintain loyalty from consumers to achieve the goals of the company (Santoso, 2019).

Consumer satisfaction itself is the overall attitude shown by consumers towards goods or services after they obtain and use them which is the experience of using these goods or services after purchase, and consumers will evaluate product performance as expected or not (Bahrudin & Zuhro, 2015). Consumer satisfaction is also the perception of consumers that their expectations have been met or exceeded, that consumer satisfaction means a comparison between what consumers expect and what consumers feel when using the product if consumers feel the product performance is equal to or exceeds their expectations, meaning they are satisfied, otherwise if the product performance is less than their expectations, it means they are not satisfied.

(Gultom, et al., 2020 ) said that consumer satisfaction can also affect consumer confidence and consumer loyalty, because when consumers are satisfied, there will be positive value values that exist in the products or services that the company provides, that is what can make consumers believe in the products or services provided. Customer satisfaction that has been felt will be able to cause trust followed by repurchase decisions from consumers, When a consumer already believes in a certain product or service, that behavior that can be trusted by consumers directly affects trust, customer trust is a major contributor to customer loyalty, consumer trust which will ultimately lead to customer loyalty (Chen & Japariato, 2014).

## RESEARCH METHOD

This study used a quantitative approach. A quantitative approach is an approach that tests hypotheses based on theories whose data is collected by generating supported or rejected hypotheses. The quantitative approach writes the form of a research question in which there are variables that are described into independent and dependent variables (John & David, 2018). The subjects of this study are groups that have characteristics based on information obtained from respondents in the study. The subject of research is related to demographic characteristics that match the research variables to be the target of research ( (Babin & Griffin, 2009). This research takes the subject of all circles of Bank Syariah Indonesia service users with the aim of analyzing *Corporate Social Responsibility* factors that affect *Customer Satisfaction*, *Customer Trust*, *Customer Loyalty*. The object of study relates to a group, company, or product. The object relates to the selected group of subjects, it aims to align with the research conducted. This research takes the object of banking companies that are specialized in Bank Syariah Indonesia companies. The location that was the target of the study was the entire area on the island of Java covering several areas in it. This region was chosen because Bank Syariah Indonesia consumers are dominated in this region, especially big cities on the island of Java. The population and sample in the study are data sources, meaning the nature or characteristics of a group of subjects, symptoms, or objects. Understanding population is a generalized area consisting of objects / subjects that have characteristics set by researchers to be studied and then drawn conclusions (Santosa, 2019). In this study, the population taken is all consumers of Bank Syariah Indonesia. Understanding the sample is part of the number and characteristics possessed by the population (Santosa, 2019). Sampling is a purposive sampling technique, namely taking sampling results in accordance with the specified relevance (John & David, 2018). The samples used in this study are bank consumers, especially Bank Syariah Indonesia. Researchers used 22 instruments as data to be analyzed which were formed in a questionnaire. The respondents needed by researchers are 220 respondents based on the number of instruments used in the study. The distribution of questionnaires to 220 respondents will be carried out in the island of Java. This is because residents in this region are the highest consumers of Bank Syariah Indonesia in Indonesia. (Badan Pusat Statistik, 2022) the population in East Java in 2022 is 39.74 million people, West Java has a population in 2022 of 49 million people, Central Java has a population in 2022 of 34.55 million people, DKI Jakarta has a population in 2022 of 10.5 million people, Yogyakarta has a population in 2022 of 3.87 million, Banten has a population in 2022 of 12.71 million. The quantitative approach of this study used primary data. Primary data is a source of information obtained directly from a valid source. The questionnaire used as a tool to collect data becomes

the primary data source. The data obtained is used to measure independent variables (*Social Responsibility*) against dependent variables (*Customer Trust, dan Customer Loyalty*). This study will use questionnaires in collecting data. Questionnaire is a data collection technique by giving specific questions to respondents. Each variable is detailed and made into several questions given to respondents. *Google Form* is used in making questionnaires because it makes it easier for respondents in terms of filling out forms and collecting data. The form containing the questionnaire contains questions that must be selected answers by respondents. Questionnaires created through *Google Form* will be shared online via social media.

## RESULTS AND DISCUSSION

The results of the research are divided into 2 things, namely the outer model. The outer model itself consists of 3 stages, namely, convergent validity tests, discriminant validity tests, and composite reliability tests. As for the inner model, it also consists of 3 stages, namely R-Square, Q-Square, and VIF.

**Table 1. Convergent Validity Test**

Variable	Item	Loading Factor	AVE	Information
Customer Loyalty	CL.1	0.869	0.751	Valid
	CL.2	0.878		Valid
	CL.3	0.856		Valid
	CL.4	0.853		Valid
	CL.5	0.878		Valid
Customer Satisfaction	CS1	0.815	0.787	Valid
	CS2	0.877		Valid
	CS3	0.909		Valid
	CS4	0.917		Valid
	CS5	0.882		Valid
	CS6	0.918		Valid
Corporate Social Responsibility	CSR1	0.786	0.720	Valid
	CSR2	0.830		Valid
	CSR3	0.901		Valid
	CSR4	0.849		Valid
	CSR5	0.875		Valid
	CSR6	0.848		Valid
Customer Trust	CT.1	0.913	0.754	Valid
	CT.2	0.874		Valid
	CT.3	0.931		Valid
	CT.4	0.877		Valid
	CT.5	0.734		Valid

Source: *SmartPLS Output Results, 2023*

Based on the table above, it is known that the *loading factor* value produced by each indicator is more than 0.7 and the AVE value is more than 0.5. Thus, these indicators are declared valid as gauges of their latent variables.

**Table 2. Cross-loading value (cross loading)**

	Corporate Social Responsibility	Customer Loyalty	Customer Satisfaction	Customer Trust
CL.1	0.476	0.869	0.481	0.633
CL.2	0.428	0.878	0.370	0.486
CL.3	0.455	0.856	0.404	0.492
CL.4	0.406	0.853	0.471	0.473
CL.5	0.500	0.878	0.546	0.467
CS1	0.519	0.411	0.815	0.370
CS2	0.548	0.396	0.877	0.391
CS3	0.559	0.519	0.909	0.477
CS4	0.560	0.471	0.917	0.454
CS5	0.591	0.544	0.882	0.468
CS6	0.546	0.441	0.918	0.455
CSR1	0.786	0.331	0.491	0.472
CSR2	0.830	0.426	0.546	0.531
CSR3	0.901	0.495	0.633	0.478
CSR4	0.849	0.457	0.513	0.373
CSR5	0.875	0.454	0.514	0.319
CSR6	0.848	0.498	0.472	0.397
CT.1	0.437	0.597	0.513	0.913
CT.2	0.417	0.498	0.278	0.874
CT.3	0.516	0.520	0.463	0.931
CT.4	0.478	0.481	0.457	0.877
CT.5	0.354	0.471	0.412	0.734

Source: SmartPLS Output Results, 2023

The assessment of the discriminant validity test is obtained through the criteria of the square root score of the average variance extracated (AVE) greater than the correlation score of other variables below it, furthermore, the cross-loading value is greater than 0.7. Based on table 2. It is known that the square root score of average variances extracted (AVE) in each construct is greater than the score between constructs contained in the model, where all indicator items can explain the construct of each variable correctly, so that the indicator item passes the discriminial validity test.

**Table 3. Reliability Test**

Variable	Cronbach's Alpha	Reliabilitas Komposit
Corporate Social Responsibility	0.922	0.939
Customer Loyalty	0.917	0.938
Customer Satisfaction	0.946	0.957
Customer Trust	0.917	0.938

Source: SmartPLS Output Results, 2023

Based on table 3, the *composite reliability* value of all research variables > 0.7 and Cronbach Alpha > 0.7. These results show that each variable has met *composite reliability* and *Cronbach alpha* so that it can be concluded that all variables have a high level of reliability. So that further analysis can be carried out by checking the *goodness of fit model* by evaluating *the inner model*.

**Table 4. R Square Test Results**

Variabel	R-Square	R-Square Adjusted
Customer Loyalty	0.445	0.438
Customer Trust	0.311	0.304

Source: SmartPLS Output Result, 2023

Based on table 4 above shows the adjusted *R-Square* value of the Customer Loyalty variable of 0.438, this value means that the Customer Loyalty variable can be explained by an independent variable of 43.8% and the remaining 56.2% can be explained by other variables that are not contained in this study. While the adjusted *R-Square* value of the Customer Trust variable is 0.304, this value means that the Customer Trust variable can be explained by an independent variable of 30.4% and the remaining 69.6% can be explained by other variables that are not contained in this study.

**Table 5. Predictive Relevance**

Variable	Q <sup>2</sup> (=1-SSE/SSO)	Information
Customer Loyalty	0.325	Has predictive relevance value
Customer Trust	0.228	Has predictive relevance value

Source: SmartPLS Output Results, 2023

Based on the data presented in the table above, the value of Q square in the dependent variable > 0. By looking at these values, it can be concluded that this study has a good observation value because the value of Q square > 0 (zero).

**Table 6. VIF**

	Customer Loyalty	Customer Trust
Corporate Social Responsibility	1.799	1.642
Customer Satisfaction	1.763	1.642
Customer Trust	1.451	

Source: SmartPLS Output Results, 2023

Based on the results of table 6 it can be concluded that all variables have been free from the symptoms of multicollinearity because the value of VIF is less than 5.

**Table 7. Hypothesis Testing**

Variable	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistik (  O/STDEV  )	P Values
Corporate Social Responsibility -> Customer Loyalty	0.192	0.193	0.088	2.181	0.030
Customer Satisfaction -> Customer Loyalty	0.215	0.210	0.066	3.234	0.001
Corporate Social Responsibility -> Customer Trust -> Customer Loyalty	0.128	0.136	0.049	2.620	0.009
Customer Satisfaction -> Customer Trust -> Customer Loyalty	0.113	0.109	0.040	2.835	0.005

Source: SmartPLS Output Results, 2023

The criteria used in this hypothesis are T-Static which has a value of more than 1.96 and P-Values which have a value of less than 0.05. The hypothesis will be rejected if the T-Statistic has a value less than 1.96 and the P-Value has a value of 0.005. Based on table 7, it is known that: 1). The relationship between the variables Corporate Social Responsibility and Customer Loyalty results in a p-value of 0.030 (p less 0.05). This shows that corporate social responsibility has a positive and significant relationship with customer loyalty. 2). The relationship between the customer satisfaction variable and customer loyalty results in a p-value of 0.001 (p less 0.05). This shows that service quality has a positive and significant relationship with customer loyalty. 3). In testing the relationship between customer social responsibility variables and customer loyalty mediated by customer trust which resulted in a p-value of 0.009 (p less 0.05). This shows that corporate social responsibility has a positive and significant relationship with customer loyalty mediated by customer trust. 4). Testing the relationship between customer satisfaction variables and customer loyalty mediated by customer trust which results in a p-value of 0.005 (p less 0.05).

## CONCLUSION

This study was conducted to examine the influence of Corporate Social Responsibility and Customer Satisfaction factors on Customer Trust and Customer Loyalty on consumers or customers of Bank Syariah Indonesia. Based on the results of the analysis and discussion discussed in the previous chapter, it can be concluded that consumer satisfaction has a positive and significant effect on customer loyalty. This finding shows that the formulation of problem 1 has been answered and hypothesis 1 has been proven, Consumer satisfaction has a positive and significant effect on customer loyalty mediated by consumer trust. This finding shows that problem formulation 2 has been answered and hypothesis 2 has been proven, Corporate Social Responsibility has a positive and significant effect on customer loyalty mediated by consumer trust. This finding shows that the formulation of problem 3 has been answered and hypothesis 3 has been proven, Corporate Social Responsibility has a positive and significant effect on customer loyalty. This finding shows that the formulation of problem 4 has been answered and hypothesis 4 has been proven.

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