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The Influence of Corporate Social Responsibility and Trust on Corporate Reputation

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ABSTRACT

The purpose of this study is to determine the relationship between corporate social responsibility and trust on corporate reputation. The population of this study were customers of Bank BCA, Bank CIMB Niaga, and Maybank who were over 17 years old (seventeen years old). This study uses the Structural Equation Model (SEM) approach with the measurement model of the Smart PLS program version 3.2.9. The results of the study indicate that the first hypothesis is that corporate social responsibility (CSR) has a positive effect on corporate reputation, the second hypothesis is that trust has a positive effect on corporate reputation.

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INTRODUCTION

Retaining customers is important for companies because the cost of acquiring new customers is much greater than the cost of maintaining relationships with current customers. This is because loyal customers will certainly provide a positive image for the company and generate word of mouth promotion in acquiring new customers (Nasiru & View, 2021). CSR reflects a company's commitment to operating sustainably and responsibly, beyond mere compliance with laws and regulations (Daniswari, 2023). Companies recognize that concern for social and environmental issues can create long-term value, both for the company and society as a whole (Bitencourt et al., 2024). By integrating CSR into business strategy, companies can build a better reputation.

Corporate social responsibility (CSR) has gained attention from the financial sector in recent years (Bouslah et al., 2018). Since business activities impact the external environment, banks must consider their business practices to identify and develop accurate strategies to meet customers' sustainability expectations (Wong et al., 2019). It has been shown that higher service quality provided by banks can result in higher customer satisfaction (Boonlertvanich, 2019).

Trust in a company's reputation is a very important factor in the business world, especially in industrial sectors that are highly dependent on long-term relationships with customers, such as the banking sector. Customer trust in a bank's reputation greatly influences their decision to choose and maintain a relationship with the bank. Customers tend to be more loyal to banks with a good reputation, which is reflected in adequate service, operational transparency, and effective risk management.

Bank is a form of company that is oriented towards customer trust, without customer trust the bank will not be able to carry out its activities properly. Therefore, it is important for the bank to be trusted by customers. If trust between the bank and the customer has been formed, then efforts to foster cooperation will be easier so that it benefits both parties. In the opinion of Zur, Leckie, & Webster, (2012) stated that consumer trust is an important component for maintaining sustainable relationships between all parties involved in a business.

Reputation is results from a series interactions involving various dimensions and complex interests. This process eat long time and influenced by situation And conditions that always exist

changed. Good reputation can achieved when company capable to weave strong interaction and harmonious with stakeholders interest or public general. A good reputation helps companies attract and retain the best employees, provides easier access to funding and commercial prospects, and increases their attractiveness to clients (Schlachter et al., 2024). Therefore, for businesses to survive and thrive in this market, building and maintaining a strong reputation is essential.

Bank Central Asia (BCA) as one of the largest banks in Indonesia has launched various CSR programs that focus on community empowerment, one of which is a financial education program for rural communities. This program aims to improve financial literacy for people who have less access to banking services. Through this program, BCA not only shows its commitment to the community, but also increases public trust in it. People who feel they have benefited from this program will assess B CA reputation as a bank that cares about social welfare.

Various studies have shown that there is a positive relationship between CSR implementation and corporate reputation (Maria & Semida, 2024). This is because CSR reflects corporate values and commitment to social and environmental welfare.

LITERATURE REVIEW

Agency Theory

Agency theory states the contractual relationship between the principal and the agent (business manager). The agent is tasked with carrying out the company's activities for the benefit of the company owner, in return for the efforts made, the company owner will provide compensation for services to the company manager (Hendriksen & Breda, 1992). According to Jensen & Meckling (1976), the arrangement between the agent and the principal is a contract that appoints one or more parties to perform services and provides authority in decision making (Sumantri et al., 2018).

Corporate Reputation

Reputation is the influence, assessment, and perception of stakeholders towards a business based on its past performance. It is an assessment of a company from the customer's perspective, so that the assessment of a company's reputation is based on the direct perception of the customer itself regarding the company's past actions. According to Narteh & Braimah (2020), corporate reputation is the heart and soul of every organization and should not be taken lightly. Some companies lose customers due to the lack of corporate reputation initiatives in their respective markets (Ahn et al., 2021). Reputation company functioning as source Power not important tangible for company services, which have an impact on customer and company That myself. This is can with easy stained by action and inaction company. Gli et al. (2023) defines corporate reputation as evaluation collective on ability company in give valuable results to a group stakeholders representing interests. Action And mark a company determine his reputation. By Because that, strong reputation need diverse behavior positive company.

Corporate Social Responsibility

According to Mardikanto (2018:92), Corporate Social Responsibility (CSR) is a concept where the company integrate concern social and environment in operation business and in interaction with stakeholders interest in a way voluntary direction on success sustainable business. According to ISO 26000, Responsibility answer a organization on impact decision And his activities to public And environment, through transparency And behavior ethical contributing on development sustainable, including health and welfare society; pay attention stakeholders expectations interests; comply applicable law And consistent with norm behavior international; and integrated throughout organization And put into practice in the relationship.

Trust

Trust is key in interpersonal and business interactions. In the marketing and consumer behavior literature, customer trust is considered a fundamental construct regarding satisfaction (Islam et al., 2020). This is evidenced by the many research efforts in other academic disciplines such as sociology, social psychology, economics, and marketing. Trust is essential in interactive exchanges between stakeholders because customers are expected to pay for services they have not received or experienced.

Trust is defined by Mansouri & Boroujerdi (2022) as a customer's assessment of a company's honesty and integrity.

From the description above, the framework used in this research can be described as follows:

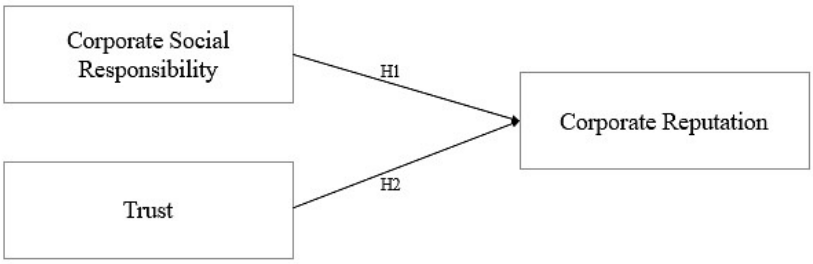


Figure 1 Framework Study

Referring to the previously mentioned framework, the study hypotheses are:
H1: Corporate social responsibility has an effect towards Corporate Reputation
H2: Trust has an effect towards Corporate Reputation

RESEARCH METHODS

This study uses a quantitative approach with an associative type, namely the study tries to explain the relationship between variables. The study will use several exogenous and endogenous variables. Exogenous variables consist of Corporate Social Responsibility (CSR) and Trust, for endogenous variables in study is Corporate Reputation. The type of data used is primary data, which is data that is sourced or managed directly by researchers. Data collection in this study was carried out through a questionnaire using a Google form with a data measurement scale using the Likert scale. The population of this research is customers of Bank BCA, Bank CIMB Niaga, and Maybank who are over 17 years old (seventeen years old). Meanwhile, the definition of a sample according to Malhotra (2017) is a subgroup of selected population elements to participate in a study. The sample in this study was 100 BCA Bank, CIMB Niaga Bank, and Maybank customers who have used and are still using the services of these banks.

Data analysis using Structural Equation Modeling (SEM) to assess hypotheses because it has the ability to estimate various relationships and interrelationships when explaining measurement errors in the estimation process (Hair et al., 2019). This study uses SEM, because SEM provides a conceptually interesting way of testing a theory. If a researcher expresses a theory in a relationship between measured variables, then SEM will assess how the theory fits the reality as depicted in the data to find out how the research variables influence each other. This study uses the Structural Equation Model (SEM) approach with the measurement model of the Smart PLS program version 3.2.9 to measure the intensity of each research variable and the structural model analyzes the data and research hypotheses. This is intended so that researchers can analyze latent variables, indicator variables and measurement errors directly to find out how the research variables influence each other.

RESULTS AND DISCUSSION

Outer Model Measurement

Validity test is used to measure how accurate the indicators of a particular model are. Validity test aims to determine whether a model used is valid or not. Furthermore, for reliability test is the measurement of the consistency of the model used. Reliability testing and evaluation, can use correlation testing to measure the consistency of existing results with the model and research results with validity and reliability tests on a sample of 100 respondents with a questionnaire in the form of 28 statements.

Table 1. Test Validity

Variables	Indicator	Outer Loading	Criteria	Information
Corporate Social Responsibility	CSR1	0.858	> 0.60	Valid
	CSR2	0.818	> 0.60	Valid

Variables	Indicator	Outer Loading	Criteria	Information
	CSR3	0.831	> 0.60	Valid
	CSR4	0.907	> 0.60	Valid
	CSR5	0.867	> 0.60	Valid
Corporate Reputation	CR1	0.924	> 0.60	Valid
	CR2	0.8 85	> 0.60	Valid
	CR3	0.900	> 0.60	Valid
	CR4	0.878	> 0.60	Valid
	CR5	0.896	> 0.60	Valid
	CR6	0.820	> 0.60	Valid
Trust	TR1	0.868	> 0.60	Valid
	TR2	0.916	> 0.60	Valid
	TR3	0.921	> 0.60	Valid
	TR4	0.789	> 0.60	Valid

Source: Results of Researchers (2024)

The results of the validity test in the table above show that the value of the outer loading on this research variable is > 0.6, where the correlation of the measurement items in this study has a high indicator value for each variable, thus the convergent value has met the good category.

Table 2. Reliability Test

Variables	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)	Information
Corporate Reputation	0.944	0.955	0.782	Reliable
Corporate Social Responsibility	0.911	0.932	0.734	Reliable
Trust	0.897	0.929	0.766	Reliable

Source: Results of Data Processing with SmartPLS (2024)

Furthermore results measurement from composite reliability shows mark every variable has own mark composite reliability > 0.7. Then from cronbach alpha has a value of each variable is > 0.6. Measurement for average variance extracted (AVE) in this study has a value of each variable is > 0.5, which indicates the results of the convergent validity measurement in this study have met the existing requirements. Thus, the requirements for evaluating convergent validity and discriminant validity have met the requirements and the variables are said to be good which can be used in research.

Inner Model Measurement

The inner model is used to find out or find out about latent variables that can affect the dependent variable and to create a deep and mature picture of the relationship between variables. The inner model can also be used as a prediction tool and to gain insight into different but mutually influential variables. In testing this model, assistance is used from the bootstrapping procedure in SmartPLS. Next there is an estimate for path coefficients, effect size (f-square), and coefficient of determination (R-Square).

R-Square Test

This test method is a method that aims to provide an overview of how strong and good the endogenous variables are influenced by exogenous variables and the calculation results show that the Adjusted R-Square value is an exogenous variable. The results of the determination test with the r square test are as in the following table.

Table 3. Results R-Square Test

Variables	R Square Adjusted
Corporate Reputation	0.675

Source: Results of Data Processing with SmartPLS (2024)

Based on table above, the results on column Adjusted R-Square of variable customer loyalty has value 0.675 or if converted to in percentage to 67.5% of the things the show that variable customer loyalty is influenced by 67.5% by variable.

Path Coefficient Test

The path coefficient test is to provide an overview of the direction of the relationship between variables towards a negative relationship or a positive relationship (Ghozali, 2016). In this test, the range value is from -1 to 1. The positive range is from 0-1, while the negative range is (-1) -0. Hypothesis testing uses bootstrapping analysis techniques. Through the results of the t-statistics obtained, it can be seen the influence of the significant level between the independent variables to the dependent variables. If the t-statistic value > 1.967 (0.05) t-table significance 5% then the influence is significant. Furthermore, through the results of the p-value obtained if the p-value on each variable < 0.05 then H0 is rejected. The positive influence can be seen through the original sample.

Table 4. Results Test Path Coefficient

Connection	Original Sample (O)	T Statistics (|O/STDEV|)	P Values	Information
Corporate Social Responsibility → Corporate Reputation	0.396	3,786	0,000	H1 accepted
Trust → Corporate Reputation	0.468	4,652	0,000	H2 accepted

Source: Results of Data Processing with SmartPLS (2024)

Discussion

Influence Corporate Social Responsibility towards Corporate Reputation

The results of the first hypothesis show that corporate social responsibility (CSR) has a positive effect on corporate reputation among customers of Bank BCA, Bank CIMB Niaga, and Maybank. This confirms that the CSR activities carried out by the company not only have an impact on social responsibility, but also play an important role in building and improving positive perceptions in the eyes of customers. Results This in line with research conducted by Farisi & Premananto (2021) which shows that Corporate social responsibility (CSR) has an impact on corporate reputation.

Influence Trust in Corporate Reputation

The results of the second hypothesis show that trust has a positive effect on corporate reputation among customers Bank BCA, Bank CIMB Niaga, and Maybank. This reflects the close relationship between trust as an emotional element and reputation as a public perception formed through interaction and experience with the company. High trust not only strengthens positive perceptions of the company but also helps build long-term, beneficial relationships with various stakeholders. Therefore, trust is a strategic asset that must be managed well to maintain a company's superior reputation in the market.

CONCLUSIONS

Based on results testing can taken conclusion that hypothesis first Corporate Social Responsibility (CSR) has a positive effect on corporate reputation, then on hypothesis second trust has a positive effect on corporate reputation among customers BCA Bank, CIMB Niaga Bank, and Maybank.

CSR can be used as a strategic tool to improve a company's reputation in the eyes of customers and the general public. For example, by increasing employee involvement in CSR programs to provide a more tangible social impact. Banks can strengthen customer trust by providing innovative, fast, and reliable services. The use of secure and responsive technology can create a comfortable experience for customers. Transparency in operations, including banking product costs and policies, is essential to maintaining customer trust. Banks also need to improve communication through digital channels to maintain transparent and interactive relationships.

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