

# Moderating Effects of Socially Responsible Purchase and Disposal in The Relationship of Corporate Social Responsibility with Customer Loyalty at Kedai Kopi Kenangan during Covid-19 Pandemic

Nadhif Idham Aditya<sup>1</sup>, Arga Hananto<sup>2</sup>  
{nadhifidham17@gmail.com<sup>1</sup>}

Universitas Indonesia, Indonesia<sup>1,2</sup>

**Abstract.** Several studies have studied how Corporate Social Responsibility (CSR) affects the success of a company. However, there is a mechanism on the customer's nerves in processing messages conveyed through CSR activities. There are customers who avoid buying socially responsible products and there are also customers who are used to buying them. This explains the socially Responsible Purchase and Disposal (SRPD) factors that need attention. Refers to the stakeholder theory, in which there are customers. This study tries to analyze CSR that affects Customer Loyalty in the context of the Covid-19 Pandemic, where SRPD is placed as a moderating variable of CSR's influence on several mediating variables on the relationship between CSR and Customer Loyalty. Corporate Reputation, Customer Satisfaction, and Customer Trust are mediating variables in this study. Data were collected from customers of Kopi Kenangan shops spread across several regions in Indonesia with a total sample of 289 respondents. the data has been processed using the SmartPLS 2.3. application, this research shows that Corporate Reputation, Customer Satisfaction, and Customer Trust can directly have a positive and significant effect on Customer Loyalty as well as a mediating variable. The result of this study is that SRPD moderates the effect of CSR on Customer Loyalty.

**Keywords:** Corporate Social Responsibility, Corporate Reputation, Customer Satisfaction, Customer Trust, Customer Loyalty, Socially Responsible Purchase and Disposal

## 1 Introduction

In recent years, the coffee shop industry in Indonesia has grown significantly. According to the Specialty Coffee Association of Indonesia (SCAI), the number of coffee shops has expanded dramatically in recent years. Meanwhile, by the end of 2019, coffee shops' contribution to the absorption of domestically produced coffee had increased by 25% to 30%. The growth in coffee consumption is caused by the increasing lifestyle of drinking coffee, especially for millennials.

Coffee To go, is in great demand by people in Indonesia, especially people in big cities. One of the coffee shop companies with the Coffee to Go type that has a large growth is Kopi Kenangan. They claim to be the fastest growing Grab and Go coffee shop in Indonesia along with its direct competitor Kopi Janji Jiwa. In 2018, Kopi Kenangan received funding from

Alpha JWC of Rp. 121 billion, while in 2019, Kopi Kenangan received an injection of Rp. 288 billion from Sequoia India.

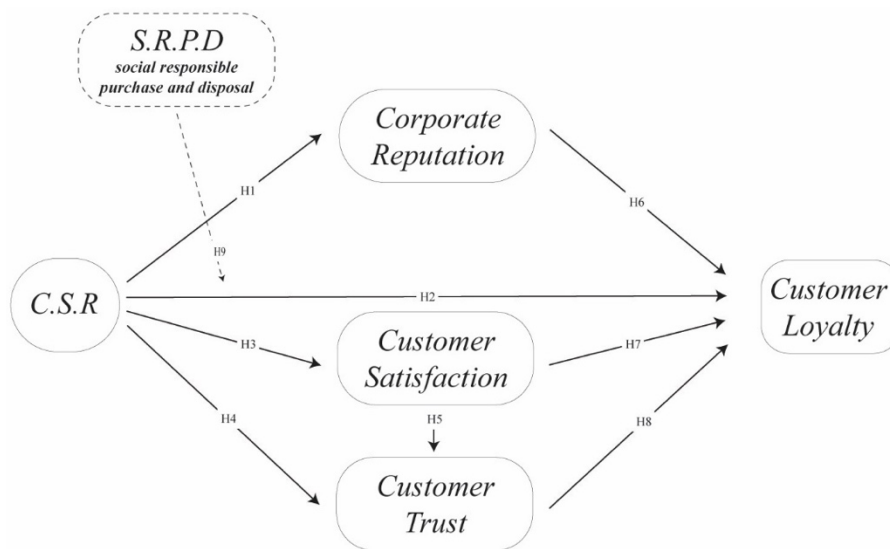
Quoted from Kopikenangan.com, at the end of 2020, Kopi Kenangan noted that online transactions during the year had doubled from 2019 when the pandemic. The Covid-19 pandemic has greatly harmed many parties, both the company and the public in general. However, Kopi Kenangan has a strategy to overcome big losses. At the start of the Pandemic, there was a large gap between supply and demand for Personal Protective Equipment (PPE). Kedai Kopi Kenangan Company takes on the role and carries out Corporate Social Responsibility (CSR) activities.

Kopi Kenangan through the social movement #LindungiPahlawanKenangan invites customers and the general public to raise the need for PPE packages. Through this movement Kopi Kenangan wants to provide opportunities and access to people who want to empathize with the struggles of Health Workers who are fighting at the forefront of the Covid-19 Virus. At the beginning of this movement, Kopi Kenangan only prepared 1000 PPE packages to be distributed. However, as a result of the sympathy, empathy and solidarity of the community, the number of PPE distributed was five times higher. Kopi Kenangan also carries out the Free Coffee for Health Workers movement. Kopi Kenangan provides 50,000 free cups of coffee for Covid-19 medical personnel. Distribution activities are carried out to hospitals that handle Covid-19 cases.

Several Corporate Social Responsibility (CSR) activities were carried out by Kopi Kenangan during the Covid-19 Pandemic crisis with the aim of creating a good image in the minds of the public or its target audience. The process of receiving CSR messages by target audiences can vary, both positive and negative. The CSR messages delivered by Kopi Kenangan also have the potential to have an impact on customer loyalty to the brand. In some literature it is stated that in addition to message delivery activities through CSR activities, there are several things that can affect Customer Loyalty, including Corporate Reputation, Customer Satisfaction, and Customer Trust [1]. In the previous literature it was also said that when the company delivered CSR messages, there was mixed acceptance from consumers. First, consumers buy products based on their concern for CSR messages. Second, consumers buy products without concern for CSR messages conveyed by related companies. This is known as the Socially Responsible Purchase and Disposal (SRPD) [2].

## 2 Method

This research model is adapted from a study conducted by Islam et al. [1] with the title "The impact of corporate social responsibility on customer loyalty: The mediating role of corporate reputation, customer satisfaction, and trust". In this study, there are several variables, among others, Corporate Social Responsibility, Corporate Reputation, Customer Satisfaction, Customer Trust, and Customer Loyalty. This research produces a coefficient value which indicates that the initiation of Corporate Social Responsibility by the company is a significant determinant of Corporate Reputation, Customer Satisfaction, Customer Trust, and also Customer Loyalty. Islam et al. [1] in their research also measured the direct effect between Corporate Reputation, Customer Satisfaction, and Customer Trust on Customer Loyalty. The Corporate Reputation variable is stated as a significant predictor of Customer Loyalty. The coefficient value of Customer Trust is a significant predictor of Customer Loyalty.



**Fig. 1.** Research Model  
(Processed by researcher)

In practice, individuals in this case are consumers of products from companies who receive messages conveyed through Corporate Social Responsibility activities. There are consumers who make purchases of a product with the motivation for responsible, sustainable social activities and consumers who do not have that motivation. Therefore, in this study modifying the model by adding the influence of Socially Responsible Purchase and Disposal (SRPD) as a moderating variable adapted from research conducted by Medina et al. [3]. When a company carries out CSR activities, it will convey a message to the target audience regarding the company's concentration on sustainable social responsibility activities. The target audience who receives these messages will trigger satisfaction, trust, and loyalty to the brand of the company.

## 2.1 Data Collection

The data collection method is a technique used in collecting data. Data collection aims to obtain the information needed to achieve research objectives. In this case, the researcher took the following steps. First, Literacy Review. Researchers assessed several literacy books, journals, articles, and news contained in conventional media and online media that are relevant to the topic of this study. Secondly, Primary data is the main data used to achieve research objectives. Primary data were obtained from surveys to respondents using a research instrument in the form of a questionnaire sheet. The questionnaire was applied using Google Form, where the questionnaire sheet is networked, making it easy to distribute without having to meet face to face with respondents, given the Covid-19 pandemic conditions which require everyone to reduce outdoor activities and maintain physical distance from other people. This study will take a sample from a population of Kopi Kenangan customers who have purchased the product more than once and have lived in a city where there is a Kedai Kopi Kenangan.

On the questionnaire sheet there is a screening question, where the question is useful for screening respondents. The screening questions included "have you ever purchased products from Kedai Kopi Kenangan" and "How many times have you purchased products from Kedai Kopi Kenangan in the last three months". Respondents who can continue filling out the questionnaire are respondents who choose "I ever bought" and have at least bought a product "2 to 4 times in the last three months". From 289 respondents, 235 respondents passed the screening question.

## 2.2 Procedures

First, the researcher conducted a Pre-Test where the research questionnaire was distributed to around 40-50 respondents. from the results of the pre-test, it can be seen which indicators can be used or which cannot be used. If the Pre-Test activity has been carried out, and the desired results are obtained, it can be continued at the Main-Test stage. Second, proceed to the

Main-Test stage. The research questionnaire was distributed to a sample of 289 people. From this amount, the number of respondents who passed the screening question was generated. Then, the research was continued by conducting reliability tests and validity tests to see the strength of the research instrument.

Reliability test was also carried out in this study. This test is carried out to measure the design of the questions contained in the research which are classified as reliable or not. With this test, the researcher will see whether the respondent will produce the same answer when asked the same thing in similar conditions. This measurement uses a value with the Alpha Coefficient or Cronbach's Alpha unit. If the value of Cronbach's Alpha calculation is more than 0.6 with variations from 0 to 1, then the questionnaire is considered consistent and relevant to other variables [4].

The test will be continued in the Validity Test, where the validity test is carried out to measure the extent to which the difference in the values of the visible variables describes a real difference between the characteristics of the objects being measured [4]. This test is also used to determine whether the research instrument in the form of a questionnaire is a valid research design or not. The research design can be said to be valid if [4]:

- a) The Kaiser Meyer Olkin (KMO) measure of sampling adequacy is greater than the value 0.5
- b) The significance value of BTS is less than 0.5 with the variables used in the study considered related, but not related to the population.
- c) The value of 1Communalities1 is greater than 0.5
- d) The value of 1 factor loading1 is greater than or equal to 0.5

In this study, testing the reliability and validity of the Pre-Test was carried out using the SPSS for windows application. While testing the reliability and validity of the Main-Test using the SmartPLS 2.3 application.

When the Reliability and Validity tests have been carried out, the next step is to test the hypothesis for each variable influence relationship in this study. Hypothesis testing is carried out using the Bootstrapping method contained in the SmartPls 2.3 application. This study uses SEM analysis using the SmartPLS. That analysis is one of the alternative methods of Structural Equation Modeling (SEM) that can be used to analyze the structural influence of a research model [5]. On addition to looking at the effect of moderating variables on the effect of Corporate Social Responsibility on Customer Loyalty, this test also looks at the direct and indirect effects that occur in the research model.

## 2.3 Measurement

Corporate Social Responsibility is measured by using indicators revealed by Islam et al. [1]. The indicators in it include, "I think Kedai Kopi Kenangan works by maintaining a sustainable society", "I think Kedai Kopi Kenangan can be recognized as a trustworthy company", "I think Kedai Kopi Kenangan makes an adequate contribution to activities charity", and "I think Kedai Kopi Kenangan runs its business ethically".

Corporate reputation is measured by measuring tools or indicators revealed by Islam et al. [1]. There are four indicators in it, including "I think Kedai Kopi Kenangan has an extraordinary reputation", "I think Kedai Kopi Kenangan is famous", "I really identify with Kedai Kopi Kenangan", and "I feel familiar with Kedai Kopi Kenangan products".

The construct of Customer Satisfaction was measured by using a measuring instrument revealed in Islam et al [1]. The following are some of the indicators expressed in previous research, "Based on my experience, I am satisfied with Kedai Kopi Kenangan", "Compared to

other coffee shop companies, I am satisfied with Kedai Kopi Kenangan", "In general, I am satisfied with Kedai Kopi Kenangan", and "This company's services met my expectations".

Customer Trust, measured using measuring tools or indicators disclosed by Islam et al. [1]. The four indicators are, "I believe in the quality of Kedai Kopi Kenangan", "The service provided by Kedai Kopi Kenangan is a guarantee of quality", "Promises made by Memories coffee shop are reliable", and "The company Kedai Kopi Kenangan is interested in its customers".

On the Customer Loyalty variable, it is measured using indicators from Islam et al. [1]. There are four indicators in it such as, "I want to continue my relationship with Kedai Kopi Kenangan", "I encourage my friends and relatives to buy from Kedai Kopi Kenangan", "I want to maintain a long-term relationship with Kedai Kopi Kenangan", and "I say positive things about Kedai Kopi Kenangan to others".

The moderating variable in this study is the Socially Responsible Purchase and Disposal (RSPD) measured by a scale according to Medina et al. [3]. There are thirteen indicators in this variable.

## **2.4 Data analysis**

Partial Least Square (PLS) is one of the alternative methods of Structural Equation Modeling (SEM) that can be used to analyze the influence of the structural model of a study.

Evaluation of the Outer Model and evaluation of the Inner Model is carried out. Evaluation of the measurement model or outer model is carried out to assess the validity and reliability of the model. The outer model with reflexive indicators is evaluated through the convergent validity and discriminant validity of the indicators and composite reliability for the indicator block [7]. Inner Model Testing is a concept and theory-based model development aimed at analyzing the relationship between independent variables and dependent variables which have been described in the conceptual framework [7]. Structural model testing was conducted to assess the coefficient of determination ( $R^2$ ), effect size ( $f^2$ ), Predictive Relevance Value ( $Q^2$ ), and the value of T-Statistics.

## **3 Results and Discussion**

### **3.1 Validity and Reliability**

The first test of validity and reliability was carried out on the Pre-Test test. This test was carried out using the SPSS for Windows application. Reliability testing on the Pre-Test results that the variables in this study are reliable. The highest Cornbach's Alpha (CA) value lies in the Socially Responsible Consumption (SRC) construct, which is 0.949, and the lowest CA value lies in the Corporate Reputation construct, which is 0.702, but the value is still above the minimum limit value for the reliability test. When all items in the variables are declared reliable, it can be continued on the next test, namely validity testing.

Validity testing in the Pre-Test test showed that the Kaiser Mayer Olkin (KMO) value and the MSA value obtained in the Anti Image Correlation Matrix table of all items in the construct of this study had a value above 0.5. Then the significance value of the BTS of all items in each construct has a value of no more than 0.05 or close to 0. When the values of KMO, MSA, and Barlett's Test have met the requirements, then the Factor Loading test can be carried out. In the Factor Loading test using the Principal Axis Factoring method or also known as Common Factor Analysis, the results show that the Factor Loading value of all

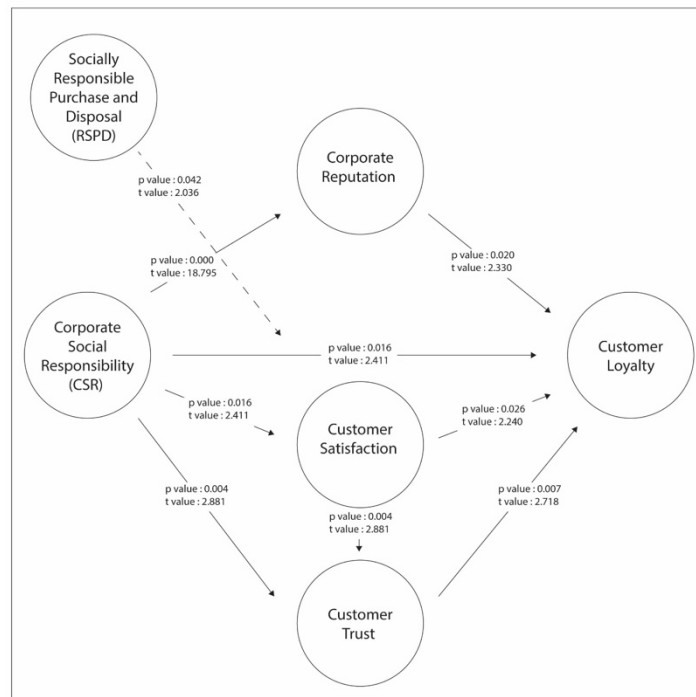
items in the construct has a value above 0.5, where it can be concluded that all items in this study are valid.

### 3.2 Hypothesis Testing

Hypothesis testing in the Main Test in this study was carried out on different respondents from the previous Pre-Test test. The population in this Main Test is customers from Kopi Kenangan and the samples from this test are customers who have at least bought products from Kopi Memories at least two to four times in the last three months or during the Covid-19 Pandemic.

In this Main Test, the same research instrument was used, which had been filled out by 289 respondents. Of the number of respondents, as many as 235 respondents passed the screening question on the questionnaire. The Screening Questions on the questionnaire include, "Have you ever bought a product from Kedai Kopi Kenangan?" and "In the last three months, how often did you buy products from Kopi Memories?". If the respondent answers "yes" and at least has bought "2-4 times" in the last three months, then the respondent can continue to answer the questionnaire. Hypothesis test data processing is carried out using the SmartPLS 2.3.

Testing the research hypothesis using the t-statistic coefficient. Where the results / output of the bootstrapping method in the SmartPLS application will produce the value of the t-statistic. If a hypothesis is one-way, then the value of T-Statistics must be greater than or equal to 1.65 [8]. An indicator can also be said to be influential if it has a p-value <0.05 [5].

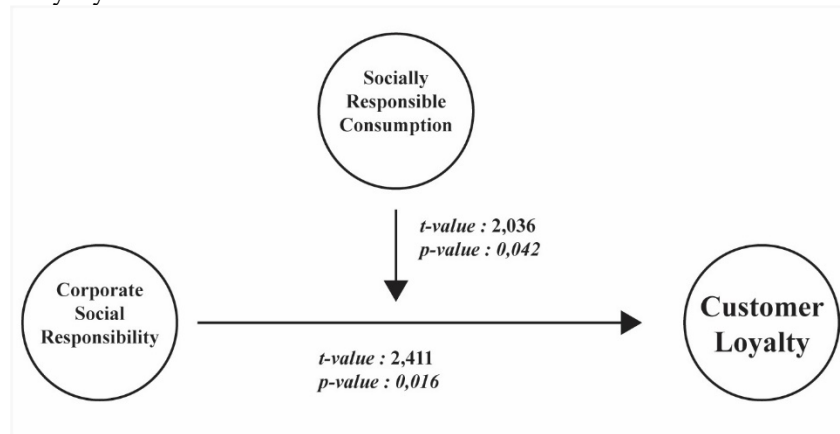


**Fig. 2.** P-value and T-Value Path Diagram (SmartPLS 2.3)  
(Processed by researcher)

based on the calculation results, it can be seen that the value of H1 - H8 has a t-value of more than 1.65, and the value of a p-value of less than 0.05 [9]. The value of the Original Sample also has a positive value. So, it can be said that H1-H8 has a positive and significant effect.

### 3.3 Moderating Effect

Socially Responsible Purchase and Disposal has a t-statistic value of 2.036 > 1.65, p-value 0.042 < 0.05 and original sample 0.060 then H5 is accepted, meaning that Socially Responsible Consumption moderates the influence of Corporate Social Responsibility on Consumer Loyalty.



**Fig. 3.** Moderating Effect (SmartPLS 2.3)  
(Processed by researcher)

If seen from these results, the original sample value generated by the SRPD variable as a moderating variable between the relationship between Corporate Social Responsibility and Customer Loyalty is 0.060. These results have a positive value which indicates that there is a positive influence of the SRC moderating variable on the relationship between the Corporate Social Responsibility variables on Customer Loyalty with an effect magnitude of 6%. It also means that the influence of Socially Responsible Purchase and Disposal to make consumers loyal will be strengthened by a moderating variable of 6%. The t-statistic value in H5 has a value of 2.036, which is above the t-table value. This indicates that the influence of the SRPD variable as a moderating relationship between Corporate Social Responsibility and Customer Loyalty is significant. So, it can be said that SRPD strengthens the relationship between Corporate Social Responsibility and Customer Loyalty directly and significantly.

### 3.4 Mediating Effect

After there is a direct result of the influence of the relationship between variables (direct), it can be seen the influence of the relationship between variables indirectly (indirect). When viewed from the research model, the Corporate Reputation, Customer Satisfaction, and Customer Trust variables also act as mediating variables for the influence of the relationship between CSR on Customer Loyalty. Mediation occurs when the mediator variable intervenes between two other related constructs [9]. Changes in exogenous constructs cause changes in mediator variables, which will then lead to changes in endogenous constructs in the PLS path model.

When viewed from the path analysis in the research model, there is a main route where CSR goes to Customer Loyalty through the Corporate Reputation variable, CSR to Customer Loyalty through the Customer Satisfaction variable, and CSR to Customer Loyalty through the Customer Trust variable. The following is an indirect effect data presentation that is processed using the SmartPLS 3.0 application.

**Table 1.** Mediating Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Corporate Social Responsibility -> Corporate Reputation -> Customer Loyalty	0.112	0.115	0.051	2.184	0.029
Corporate Social Responsibility -> Customer Satisfaction -> Customer Loyalty	0.102	0.097	0.047	2.191	0.029
Corporate Social Responsibility -> Customer Trust -> Customer Loyalty	0.064	0.062	0.03	2.109	0.035
Corporate Social Responsibility -> Customer Satisfaction -> Customer Trust -> Customer Loyalty	0.068	0.067	0.031	2.184	0.029

(Processed by researcher)

The initial analysis that needs to be done in the mediation test is to look at the results of the direct effect test that has been described previously. If there is a variable that shows an insignificant result in the direct effect test, there is no need to continue to test the significance, because it is certain that there is no mediating effect [9]. In this study, all direct effects between variables are positive and significant, so mediation tests can be carried out on each path.

First, the researcher analyzes the indirect effect on the path of CSR -> Corporate Reputation -> Customer Loyalty. In this path there is a significant effect, it can be seen from the t-statistic value which is 2.184 or greater than 1.65. The value of the p-value in this path also has a value of 0.029 or greater than 0.05. The next analysis is carried out on the path of CSR-> Customer Satisfaction -> Customer Loyalty. In this path, the value of t-statistics is 2.191 or greater than 1.65. While the value of the p-value is 0.029 or greater than 0.05. It can be interpreted that this path has a positive and significant relationship effect. On the path of CSR-> Customer Trust -> Customer Loyalty, positive and significant results were also obtained. This can be seen from the t-statistic value which is 2.109 or greater than 1.65 and the p-value is 0.035 or greater than 0.05.



## 4 Discussion and Conclusion

In this study, Hypothesis 1 to Hypothesis 8 had a positive and significant direct relationship. This is in accordance with several previous studies. with research conducted by Islam et al. [1], where the results of his research say that Corporate Social Responsibility (CSR) has a significant influence on Corporate Reputation. Imaningsih [10] also conducted research on the effect of CSR on Corporate Reputation. In his research, it is said that the direct effect of CSR awareness on the company's reputation (Corporate Reputation) has a result of less than 0.05, so it can be concluded that CSR awareness has a positive effect on company reputation. Even when consumers do not identify with the company, communicating the basics of CSR, such as sharing information about the specific results of previous CSR, is positively related to the knowledge and level of consumer CSR trust which will then affect the company's reputation [11].

Research conducted by Ajina [12] implies that regardless of the corporate motive behind CSR implementation, CSR is very important to build a good reputation [13], which in turn will have a positive impact on customer loyalty. In his research, Oladimeji et al. [14] determined that spreading corporate social responsibility as a strategic tool to gain customer loyalty and retention can benefit organizations as seen in the results of data analysis.

In the calculation of the Moderation effect, the original sample value generated by the SRPD variable as a moderating variable between the relationship between Corporate Social Responsibility and Customer Loyalty is 0.060. These results have a positive value which indicates that there is a positive influence of the SRC moderating variable on the relationship between the Corporate Social Responsibility variables on Customer Loyalty with an effect of 6%. It also means that the influence of Corporate Social Responsibility to make consumers loyal will be strengthened by a moderating variable of 6%. The t-statistic value in H5 has a value of 2.036, which is above the t-table value. This indicates that the influence of the SRC variable as a moderating relationship between Corporate Social Responsibility and Customer Loyalty is significant. So, it can be said that SRPD strengthens the relationship between Corporate Social Responsibility and Customer Loyalty directly and significantly.

## 5 Implication

Corporate Social Responsibility activities have been proven to have a positive and significant impact on the Company's Reputation (Corporate Reputation), Customer Satisfaction (Customer Satisfaction), Customer Trust (Customer Trust), and Customer Loyalty (Customer Loyalty) in a context or crisis situation (Covid-19 Pandemic).

CSR in times of crisis, companies can take advantage of optimizing CSR programs by providing various kinds of assistance and support to affected communities. However, it should also be noted that it must be in accordance with the capabilities of the company, to ensure the continuity of the company's operations.

When a company carries out its Corporate Social Responsibility (CSR) activities, it should also be noted that there are people who use goods or services from the company based on their desire to give charity or to help the company or its environment, and there are also people who do not care about charitable activities or just want to use the goods or services offered by the company from the value of its use. Companies need to pay attention to the influence of the Socially Responsible Purchase and Disposal habits carried out by the community.

## References

- [1] T. Islam *et al.*, “The impact of corporate social responsibility on customer loyalty: The mediating role of corporate reputation, customer satisfaction, and trust,” *Sustain. Prod. Consum.*, vol. 25, pp. 123–135, 2021.
- [2] L. A. Mohr, D. J. Webb, and K. E. Harris, “Do consumers expect companies to be socially responsible? The impact of corporate social responsibility on buying behavior,” *J. Consum. Aff.*, vol. 35, no. 1, pp. 45–72, 2001.
- [3] C. A. G. Medina, M. Martínez-Fiestas, L. A. C. Aranda, and J. Sánchez-Fernández, “Is it an error to communicate CSR Strategies? Neural differences among consumers when processing CSR messages,” *J. Bus. Res.*, vol. 126, pp. 99–112, 2021.
- [4] N. K. Malhotra, *Marketing Research: an Applied Orientation*, Upper Saddle River, NJ: Pearson/Prentice Hall, 2007.
- [5] S. Haryono, “Metode SEM untuk Penelitian Manajemen AMOS Lisrel PLS,” *Jakarta: Luxima Metro Media*, 2017.
- [6] J. J. Cronin, M. K. Brady, and G. T. M. Hult, “Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments,” *J. Retail.*, 2000, doi: 10.1016/S0022-4359(00)00028-2.
- [7] H. Latan and I. Ghozali, “Partial Least Square Konsep, Metode dan Aplikasi Menggunakan WarpPLS 5.0,” *Semarang Badan Penerbit Univ. Diponegoro*, 2016.
- [8] J. F. Hair Jr, M. Sarstedt, L. Hopkins, and V. G. Kuppelwieser, “Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research,” *Eur. Bus. Rev.*, 2014.
- [9] J. F. Hair, W. C. Black, B. J. Babin, R. E. Anderson, and R. L. Tatham, *Multivariate data analysis*, Pearson ne. New Jersey: Pearson Education, 2014.
- [10] E. S. Imaningsih, “The Impact of CSR Awareness and CSR Beliefs on Corporate Reputation and Brand Equity: Evidence from Indonesia.,” *Int. J. Econ. Perspect.*, vol. 11, no. 4, 2017.
- [11] E. Kim and S. Ham, “Restaurants’ disclosure of nutritional information as a corporate social responsibility initiative: Customers’ attitudinal and behavioral responses,” *Int. J. Hosp. Manag.*, vol. 55, pp. 96–106, 2016.
- [12] A. S. Ajina, A. Japutra, B. Nguyen, S. F. S. Alwi, and A. H. Al-Hajla, “The importance of CSR initiatives in building customer support and loyalty: Evidence from Saudi Arabia,” *Asia Pacific J. Mark. Logist.*, 2019.
- [13] S. Kim and Y.-J. Lee, “The complex attribution process of CSR motives,” *Public Relat. Rev.*, vol. 38, no. 1, pp. 168–170, 2012.
- [14] Oladimeji, L. A. Adebayo, and B. G. Ogunshola, “Effect Of Corporate Social Responsibility (Csr) On Customers’ Loyalty And Retention,” *J. Manag. Res.*, vol. 9, no. 1, pp. 1–7, 2017.