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Corporate Social Responsibility and Poor’s Child Well Being in Developing Customer’s Loyalty

Syahrial Mukhtar*, Sri Daryanti** and Khairani***

This research conducted to analyze the contribution of Corporate Social Responsibility (CSR) perceived motives in enhancing perceived poor’s child-well being and loyalty. CRS strategy were being implementing by the 2 companies, Garuda Indonesia and Pertamina, BUMN structure that partially own by government. Garuda Indonesia as service company in airline industry, and Pertamina as non service company in oil and gas industry. Using factor analysis and multiple regression, the result show there are some differences between firms CSR activities in in developing children well being and customer loyalty. This result has implication for the firm that different type of CSR activities and different industry will reflect different motives, further have different impact in children’s well being.

Keywords: Corporate Social Responsibility Motives, Poor’s Children Well Being, Customer Loyalty

Penelitian ini dilakukan untuk menganalisis kontribusi persepsi motif CSR perusahaan untuk meningkatkan kualitas hidup anak-anak miskin dan loyalitas pelanggan. Strategi CSR yang telah dilakukan oleh 2 perusahaan yaitu, Garuda Indonesia dan Pertamina, yang merupakan perusahaan BUMN dengan sebagian kepemilikan Pemerintah Indonesia. Garuda Indonesia sebagai perusahaan jasa dalam industri penerbangan, dan Pertamina ada perusahaan bukan jasa dalam industri minyak dan gas. Dengan menggunakan analisis faktor dan regresi berganda, hasil penelitian memperlihatkan terdapat beberapa perbedaan peran kegiatan CSR yang dilakukan dalam meningkatkan kualitas hidup anak-anak dan loyalitas pelanggannya. Hasil ini memberikan implikasi bahwa tipe-tipe CSR yang berbeda yang dilakukan oleh perusahaan dari industri berbeda akan diperspesi memiliki motivasi berbeda oleh pelanggan, dan selanjutnya akan memberi pengaruh yang berbeda terhadap peningkatan kualitas hidup anak-anak miskin.

Kata kunci: Motif Tanggung Jawab Sosial, Kualitas Hidup Anak-anak Miskin, Kesetiaan Pelanggan

Introduction

Robbins (2011) explain that there are two management perspectives concerning this responsibility of the firm that are classic and socioeconomic views. Classic views opinion of CSR against these social responsibility of the firm because the management has the obligation to create profit for shareholder, and the CSR activities create cost that could reduce the profit. Otherwise, the socioeconomic view social responsibility of the firm more than just to create profit for shareholder, but the firm must concern to improve society well being. This view argumentation, firm is not separate entities in society and could not obey its responsibility in social issues because the firm has responsibility not just to shareholder but to all stakeholders.

Some researcher had shown that CSR activities could influence consumer behavior (Maignanand Ferrel, 2004; Luo and Bhattacharya, 2006, Du, Bhattacharya, and Sen, 2007). It shows that CSR activities not just social activities that create cost-reduce profit, but could create economic value in the long run through developing customer loyalty. Loyal customers are intangible asset that could create income in future. CSR activities of product or corporate

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brands Pertamina, Toyota, Sampoerna, Lifebouy, and Aqua-Danone had proved have direct and indirect impact to society quality of life as object of those CSR activities, and customer’s behavior (Balqiah et al., 2010, 2011).

Following previous studies, this study had done through investigate two firms from different industry that implement some variation of CSR activites and reflect sustainability in developing society quality of life especially for poor’s children. Concerning children as future generation that contribute to economic foundation, therefor the authors choose CSR activities that aim to develop poor’s children well being, as government concern and force private sectors to allocate their CSR activities in protecting dan developing children well being.

Research Objectives

The main objective of this research is to evaluate the interrelationship of CSR activities influence in enhancing of children well being and customer loyalty. This research study the dual effect of CSR activities-as socioeconomics views, in creating social dan business outcome, through children well being (social outcome), dan loyalty (business outcome). If there is relationship, CSR is not activity that only create sunk cost but firm’s investment. Persuant to the main purpose, this research will attempt to achieve the following objectives:

1. To investigate the effects of CSR motives implemented by the firm (CSR motives) to developing poor’s children well being (PCWB)
2. To investigate the effects of CSR motives implemented by the firm (CSR motives) to developing customer loyalty (CL)
3. To investigate the effects of poor’s children well being (PCWB) on developing customer loyalty (CL)

Literature Review

Corporate Social Responsibility Motives

Corporate associations play an important role in corporate outcome such as corporate reputation and or product/brand reputation, purchase intention, and customer identifica-
ternally from customers, transaction partners, government agencies, and local communities, internally from employees, and laterally from salient business references groups such as competitors and industry associations. In such situations, where managers are pressured by their peers to engage in social initiatives, they perceive that their firm’s viability may depend on their ability to respond effectively (Bronn and Cohen, 2009).

Some studies have documented instances in which “doing the right thing” appears to be a stronger motive for social initiative than the practical benefits these activities can generate for the firm. Others have found that moral motives share the stage with strategic perspectives (Bronn and Cohen, 2009). Brown and Dacin’s (1997) pioneering study of the corporate associations held by consumers, much research has attested to the pivotal role of consumers’ beliefs about the extent to which a company/brand is socially responsible (i.e., CSR beliefs) in their reactions to CSR. Extrinsic or self-interested motives have the ultimate goal of increasing the brand’s own welfare (e.g., increase sales/profits or improve corporate image), whereas intrinsic or selfless motives have the ultimate goal of doing good and/or fulfilling one’s obligations to society (e.g., benefit the community or cause that the CSR actions focus on). Notably, extrinsic and intrinsic motives are not viewed as two ends of a continuum; prior research (Ellen, Webb, & Mohr, 2006) indicates that a brand’s CSR actions can be attributed to both intrinsic and extrinsic motives.

Research of Ellen, Webb, and Mohr (2006) found 4 motives as the reasoning why companies do CSR activities such as: value driven, stakeholder driven, egoistic driven, and strategic driven. Consumer distinguished between self-centered motives that were strategic and egoistic reacting positively and negatively to those motives. Other-centered motives were differentiated with values driven motives viewed positively, and value stakeholder motives perceived negatively. Value-driven motive is customer belief’s perceived that company do CSR activities concerning customer and society benefits. Stakeholder-driven motive is a respond to fulfill the customer, employee, shareholder, and society expectations. Egoistic motive is the reason company to achieve economic performance based on business activities, and strategic-driven motive based on growth reason of the company. Furthermore, Ellen, Webb, and Mohr (2006) studies show that all those motives influence positively to purchase intention. It could conclude that whatever the motives are in doing CSR, it could increase sales through buying intention.

Definitions and Types of Corporate Social Responsibility

Kotler and Lee (2005) define Corporate Social Responsibility (CSR) as commitment to improve community well-being through discretionary business practices and of corporate resources. This form of social initiatives that show main activities to support social reason and to confirm the commitment to do CSR. The six social initiatives explored are as follows:

1. Cause Promotions: a corporation provides fund, contributions, or other corporate resources to increase awareness and concern about a social cause or to support fundraising, participation, or volunteer for a cause.
2. Cause-Related Marketing: a corporation commits to making a contribution or donating a percentage of revenue to a specific cause based on product sales.
3. Corporate Social Marketing: a corporation supports the development and implementation of a behavior change campaign intended to improve public health, safety, the environment, or community well-being.
4. Corporate Philanthropy: a corporation makes a direct contribution to a charity or cause, most often in the form of cash grants, donations, and inkind services.
5. Community Volunteering: a corporation supports and encourages employee, retail partners, and other members to volunteer their time to support local community organizations and causes.
6. Socially Responsible Business Practices: a corporation adopts and conducts discretionary business practices and investment that support social causes to improve community well being and protect the environment.
The Effect of Corporate Social Responsibility (CSR) on Quality of Life (QOL)

Wilkie and Moore (1999) develop propositions, which they called Aggregate Marketing System, that show marketing contributions to society. Beside having responsibility in delivering value to customers, marketing also contribute to economic prosperity in 10 form of contribution that job and income, freedom in consumption, delivering life standard, development of infrastructure, tax, market efficiency, innovation diffusion, raising commerce, international development, and economic growth. Costanza, Fisher, Ali, Beer, Boumans, Danigelis, Dickinson, Elliott, Farley, Gayer, Glenn, Hudspeth, Mahoney, McCahill, McIntosh, Reed, Rizvi, Rizzo, Simpatico, and Snapp (2007) define quality of life in wider scope, objective and subjective, regarding to well being: “QOL is the extent to which objective human needs are fulfilled in relation to personal or group perception of subjective well being”. Page 269.

This social responsibility support belief that business can work together with government and other stakeholders to improve better life and not to become debatable about CSR, because CSR constitute business commitment to contribute on sustainability of economic, working with employees, their families, local and whole community to improve their quality of life (World Business Council for Sustainability Development, 2004). In doing so, besides CSR activities interrelated directly with supplying and delivering product that could minimize negative impact for customer directly, CSR also could be done in purpose to increasing society quality of life as one of firms’ stakeholders.

Children Well being

Children’s well-being is accessed in terms of three subjective domains: (1) personal well-being, (2) relational well-being, and (3) well-being at school (Bradshaw, Keung, Rees, and Goswami, 2010). Subjective well-being is a multidimensional construct that includes both
affective and cognitive components. These include the experiences of pleasant emotions (positive affect), the experiences of negative emotions such as distress and dissatisfaction (negative affect) and judgement of individuals’ life qualities (overall life satisfaction or satisfaction with a specific domain).

Children are among the most vulnerable of the constituencies that corporations interact with. Whether through the products and services that they advertise and sell to them, or through the employment of children and their parents in the process of production, business can have enormous impact on the lives of young people. However, to date, most of the attention given to these issues in the corporate social responsibility (CSR) literature has tended to focus either on the employment of child laborers in developing countries, or on the ethics of advertising to young children. (Crane and Kazmi, 2009). They explain seven key areas where businesses were found to be confronted with issues of corporate responsibility toward young people.

Recent changes in our understanding of how children develop have been paralleled by important changes in how societies view children and childhood. Perhaps most important to discussion of indicators of positive child development is the concept of viewing children as a specific group that differs from other age groups (e.g., adults, the elderly) and has value in its own right, rather than value only as future adults (Lippman, Moore, and McIntosh, 2011). Their research contributed to major changes in the study of child indicators, including a shift from a focus on measuring basic needs (e.g., immunization) to measuring the quality of life beyond mere survival (e.g., life satisfaction). The shift to the development of measures of well-being, in turn, helped move the child indicators field toward a focus on indicators of flourishing, as opposed to negative measures such as deviance.

Common domains of well-being include physical health, development, and safety; cognitive development and education; psychological and emotional development; and social development and behavior. Coverage of these domains tends to be uneven and, within domains, coverage of positive and negative constructs also tends to be uneven. For example, health and safety problems are tracked more closely than positive health indicators, and the social behaviors that are measured tend to include behavior problems such as drug use and violence. Indicators of psychological and emotional well-being are the least-well-monitored in national and international data systems (Lippman, Moore, and McIntosh, 2011).

The creation of health and well-being is thus a process with outcomes depending on the personal background, the inner and outer situation, strengths and capacities of the individual. Young children are highly dependent on a nurturing and loving environment and adequate economic and physical resources. Older children increasingly develop their own strategies to deal with the demands in their environment as they become more independent from their family by interacting with other social systems (e.g., school, peers) (Bradshaw, Hoelscher, dan Richardson, 2006; Bradshaw, Richardson, dan Ritakallio, 2007).

Connections between the different structures within the microsystem, e.g. parents – school, are described asmesosystem. One level up the

| Table 1. Positive Indicator Framework of Children Well Being |
|-----------------|-----------------|
|                  |  **DOMAIN**     |
| **INDIVIDUAL**  | • Physical health, development, & safety |
|                 | • Cognitive development & education |
|                 | • Psychological/emotional development |
|                 | • Social development & behavior |
| **RELATIONSHIP**| • Family |
|                 | • Peers |
|                 | • School |
|                 | • Community |
|                 | • Macrosystem |
| **CONTEXT**     | • Family |
|                 | • Peers |
|                 | • School |
|                 | • Community |
|                 | • Macrosystem |
exosystem stands for the societal context in which families live, including among others parents’ social networks, the conditions in the local community, access to and quality of services, parents’ workplace and the media. The exosystem affects the child mainly indirectly by influencing the different structures within the microsystem. The macrosystem finally points to the wider societal context of cultural norms and values, policies, economic conditions and global developments (Bradshaw, Hoelscher, dan Richardson, 2006).

Customer Loyalty

Loyalty is commitment to repeat buying or repatronage product or services that prefer in the future even though they influenced by situational factors and marketing efforts that make switching behavior (Oliver, in Kotler and Keller, 2006). Regarding to Oliver (1999), this loyalty build in 4 phases following:

1. **Cognitive loyalty**: the initial loyalty phase, the brand attribute information available to the consumer indicates that one brand is preferable to its alternatives. This stage of loyalty based on brand belief only. Cognition can be based on prior or vicarious knowledge or on recent experience-based information.

2. **Affective loyalty**: a liking or attitude toward the brand has developed on the basis of cumulatively satisfying usage occasions. This reflects the pleasure dimension of the satisfaction-pleasureful fulfillment-as previously described. Commitment at this phase is referred to as affective loyalty and is encoded in the consumer’s mind as cognition and affect.

3. **Conative loyalty**: as influenced by repeated episodes of positive affect toward the brand. Conation, by definition, implies a brand-specific commitment to repurchase. Conative loyalty is loyalty state that contains deeply held commitment to buy.

4. **Action loyalty**: intentions are converted to actions. In the action, the previous loyalty state is transformed into readiness to act accompanied by an additional desir. It was conducted to overcome obstacles that might prevent the act.

Research Model and Hypothesis

Conceptual model for this study was developed to achieve the objective that is evaluate the relationship between CSR motives, poor’s children well being and customer loyalty, both are stakeholders. The model was developed with the result for corporate attribution that CSR activity could be perceived has different motives, such as Instrumental and Institutional Motives, and Moral Motives (Ellen, Webb, and Mohr, 2006).
Research model was developed through literature study regarding the objectives of this research. There are the relationships between CSR and Quality of Life (Sirgy dan Lee, 1996; Wilkie dan Moore, 1999; Sen, Bhattacharya, dan Korschun, 2006; Castaldo, Perrini, Misani, dan Tencati, 2009; Raghbir, Roberts, Lemon, and Winer, 2010; Balqiah et al, 2010, 2011), relationship between CSR and loyalty (Liu and Zhou, 2009; Shuili, Bhattacharya, and Sen, 2007; Balqiah et al, 2010, 2011), relationship CSR and Children Well Being (Crane and Kazmi, 2009), positive indicator of children subjective well being (Bradshaw and Keung, 2010, 2011; Bradshaw, Keung, Rees, and Goswami, 2010; Lippman, Moore, and McIntosh, 2011).

The difference this research from previous study is this research evaluate direct contribution of CSR on Children Well Being as object of those CSR activities, and direct effect CSR on customer loyalty that using company’s offering in their business activities.

**Construct Definitions**

- **CSR motives** is customer perception of the reason in doing CSR activities (Ellen, Webb, and Mohr, 2006; Bronn and Cohen 2008; Vlachos, Tsamakos, Vrechopoulos, Avramidis, 2009)
- **Egoistic Motives** relate to exploiting the cause rather than helping it
- **Stakeholder Motives** relate to support of social causes solely because of pressure from stakeholders
- **Shareholder Motives** support attaining business goals
• **Value Motives** correspondent attributions, representing the true feelings and dispositions of the firm

• **Children Well Being** is the experiences of pleasant emotions (positive affect), the experiences of negative emotions such as distress and dissatisfaction (negative affect) and judgement of individuals’ life qualities (overall life satisfaction or satisfaction with a is the children’s satisfaction on their health and education)

• **Personal Well Being** is the children’s satisfaction on their health and education

• **Family Well Being** is the children’s satisfaction on family quality of life

• **Customer Loyalty** the level of brand loyalty that show by repeat buying, recommendation, and WOM(Du, Bhattacharya, and Sen, 2007)

**Hypothesis**

Based on research model, research hypotheses are:

\[ H_1: \text{CSR motives influence Children Well Being} \]

\[ H_{1a}: \text{Egoistic motives influence Personal-Children Well Being} \]

\[ H_{1b}: \text{Strategic motives influence Personal-Children Well Being} \]

\[ H_{1c}: \text{Stakeholder motives influence Personal-Children Well Being} \]

\[ H_{1d}: \text{Value motives influence Personal-Children Well Being} \]

\[ H_{1e}: \text{Egoistic motives influence Family-Children Well Being} \]

\[ H_{1f}: \text{Strategic motives influence Family-Children Well Being} \]

\[ H_{1g}: \text{Stakeholder motives influence Family-Children Well Being} \]

\[ H_{1h}: \text{Value motives influence Family-Children Well Being} \]

\[ H_2: \text{CSR motive influence Customer Loyalty} \]

\[ H_{2a}: \text{Egoistic motives influence Customer Loyalty} \]

\[ H_{2b}: \text{Strategic motives influence Customer Loyalty} \]

\[ H_{2c}: \text{Stakeholder motives influence Customer Loyalty} \]

\[ H_{2d}: \text{Value motives influence Customer Loyalty} \]

\[ H_3: \text{Children Well Being influence Customer Loyalty} \]

\[ H_{3a}: \text{Personal-Children Well Being influence Customer Loyalty} \]

\[ H_{3b}: \text{Family-Children Well Being influence Customer Loyalty} \]

**Methods**

Data were collected by cross sectional survey in five urban areas JABODETABEK using self administered questionaires from 100 respondents that were chosen by convenience sampling. The objects are GARUDA INDONESIA and PERTAMINA (lubricant product with brand Mesran, Prima XP, and Enduro).

The questionaires consists of 35 questions with 5 scale of likert regarding to 7 research constructs that is 16 questions for CSR Motives (4 questions for Egoistic, 4 questions for Strategic, 5 questions for Stakeholder, and 3 questions for Value), 14 questions for Children Well Being (9 questions for Personal Well Being and 5 questions for Family Well Being), and 5 questions for Customer Loyalty.

The respondent is the customer of firm that implemented CSR activities. The respondent will give their perceived of CSR motives, children well being as object the CSR activities, and their loyalty to the firm which implement CSR. The children in this research is the young people under 14 years old regarding the BPS definition of children in Indonesia.

Before the main survey, authors conducted pretest using 30 respondent to ensure reliability and construct validity of constructs. It was done to refine the questionaires to reduce response error. Furthermore, after 100 datas was collected, Multiple Regression with SPSS 19 is used to test the hypothesis at each firms at $\alpha=10\%$.

**Result and Discussion**

This section discuss the result of Multiple Regression for each firms regarding to hypothesis testing. The significance of the path coefficients were evaluated by analyzing t value for the parameters.
Table 3. CSR motives

<table>
<thead>
<tr>
<th>Variabel Dependen</th>
<th>Variabel Independen</th>
<th>Garuda Indonesia</th>
<th>Pertamina</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>B (p-value)</strong></td>
<td><strong>B (p-value)</strong></td>
</tr>
<tr>
<td>Personal</td>
<td>CSR motives</td>
<td>0.329 (0.094)</td>
<td>0.403 (0.004)</td>
</tr>
<tr>
<td>Well Being</td>
<td>R square</td>
<td>0.057</td>
<td>0.162</td>
</tr>
<tr>
<td>Family</td>
<td>CSR motives</td>
<td>ns</td>
<td>0.402 (0.004)</td>
</tr>
<tr>
<td>Well Being</td>
<td>R square</td>
<td>-</td>
<td>0.162</td>
</tr>
<tr>
<td>Loyalty</td>
<td>CSR motives</td>
<td>ns</td>
<td>0.287 (0.014)</td>
</tr>
<tr>
<td></td>
<td>Personal Well Being</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>Family Well Being</td>
<td>ns</td>
<td>0.497 (0.002)</td>
</tr>
<tr>
<td></td>
<td>R square</td>
<td>-</td>
<td>0.497</td>
</tr>
</tbody>
</table>

Table 4. CSR Motives Dimensions

<table>
<thead>
<tr>
<th>Variabel Dependen</th>
<th>Variabel Independen</th>
<th>Garuda Indonesia</th>
<th>Pertamina</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td><strong>B (p-value)</strong></td>
<td><strong>B (p-value)</strong></td>
</tr>
<tr>
<td>Personal Well Being</td>
<td>Egoistic</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>Strategic</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>Stakeholder</td>
<td>0.279 (0.050)</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>Value Driven</td>
<td>0.316 (0.028)</td>
<td>0.601 (0.000)</td>
</tr>
<tr>
<td></td>
<td>R square</td>
<td>0.169</td>
<td>0.346</td>
</tr>
<tr>
<td>Family Well Being</td>
<td>Egoistic</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>Strategic</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>Stakeholder</td>
<td>ns</td>
<td>0.259 (0.040)</td>
</tr>
<tr>
<td></td>
<td>Value Driven</td>
<td>ns</td>
<td>0.589 (0.000)</td>
</tr>
<tr>
<td></td>
<td>R square</td>
<td>-</td>
<td>0.387</td>
</tr>
<tr>
<td>Loyalty</td>
<td>Egoistic</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>Strategic</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>Stakeholder</td>
<td>ns</td>
<td>0.331 (0.018)</td>
</tr>
<tr>
<td></td>
<td>Value Driven</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>Personal Well Being</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td></td>
<td>Family Well Being</td>
<td>ns</td>
<td>0.480 (0.006)</td>
</tr>
<tr>
<td></td>
<td>R square</td>
<td>-</td>
<td>0.500</td>
</tr>
</tbody>
</table>

Garuda Indonesia

Table 3 and 4 show the result of hypothesis testing for AQUA:

- CSR motives positively influence Personal. Its means, the higher the customer belief that GARUDA CSR implemented due to all motives deliver the higher the Personal Well Being of Poor Children.
- Stakeholder and Value Motives positively influence Personal ($H_{11c}$ were supported). Only Value Motives positively influence Family Well Being ($H_{12a}$ was supported). It was showed at Table 4 that hypothesis 1 are partially supported.
- CSR motives does not influence Customer Loyalty.
- All dimension of Children Well Being does not influence Customer Loyalty. It was showed at Table 3 and 4 that hypothesis 3 is not supported.

Pertamina

Table 3 and 4 show the result of hypothesis testing for PERTAMINA:

- CSR motives positively influence all dimension of Children Well Being. It means, the higher the customer belief that PERTAMINA’s CSR implemented due to all motives deliver the higher the Well Being of Poor Children.
- Only Value Motives positively influence Personal Well Being
- Strategic and Value Motives positively influence Family Well Being. It was showed at Table 4 that hypothesis 1 are partially supported.
- CSR motives positively influence Customer Loyalty. It was showed at Table 3 that hypothesis 2is supported.
- Family Well Being positively influence Customer Loyalty.
Table 5. Hypothesis Testing between 2 Firms

<table>
<thead>
<tr>
<th>HYPOTHESES</th>
<th>COMPANY</th>
<th>CONCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 : CSR Motives (\rightarrow) Children Well Being</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(H_{11a}^{1})  Egoistic (\rightarrow) Personal-CWB</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td>(H_{11b}^{1})  Strategic (\rightarrow) Personal-CWB</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td>(H_{11c}^{1})  Stakeholder (\rightarrow) Personal-CWB</td>
<td>s</td>
<td>ns</td>
</tr>
<tr>
<td>(H_{11d}^{1})  Value (\rightarrow) Personal-CWB</td>
<td>s</td>
<td>s</td>
</tr>
<tr>
<td>(H_{12a}^{1})  Egoistic (\rightarrow) Family-CWB</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td>(H_{12b}^{1})  Strategic (\rightarrow) Family-CWB</td>
<td>ns</td>
<td>s</td>
</tr>
<tr>
<td>(H_{12c}^{1})  Stakeholder (\rightarrow) Family-CWB</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td>(H_{12d}^{1})  Value (\rightarrow) Family-CWB</td>
<td>ns</td>
<td>s</td>
</tr>
</tbody>
</table>

| H2 : CSR Motives \(\rightarrow\) Customer Loyalty |         |            |
| \(H_{2a}^{1}\)  Egoistic \(\rightarrow\) Customer Loyalty-CWB | ns | ns |
| \(H_{2b}^{1}\)  Strategic \(\rightarrow\) Customer Loyalty-CWB | ns | ns |
| \(H_{2c}^{1}\)  Stakeholder \(\rightarrow\) Customer Loyalty-CWB | ns | s |
| \(H_{2d}^{1}\)  Value \(\rightarrow\) Customer Loyalty-CWB | ns | ns | |

\(s = \text{significance at 10\%} \)
\(Ns = \text{not significance} \)

Table 5 show the result of hypotesis testing among 2 firms that indicate variations. Stakeholder and Value Driven CSR’s motive of GARUDA positively influence Personal CWB of poor children, but other motives do not have significance influence. Surprisingly, all CSR Motives and Children Well Being does not influence Customer Loyalty. It shows that GARUDA motives highly perceived in strategic and value motives that could influence CWB. Eventough GARUDA has mean score of egositic motive 3.391, and strategic motive 3.722, these motive could not harmfull the customer’s perception that personal CWB could be increased through these activities. Accordingly Bronn and Cohen (2009), GARUDA CSR activity was perceived has institutional motives. It means, GARUDA implement CSR as respond to demand from institutional or external entites, because there pressure from customer that GARUDA should not harm environmental condition or obey human’s right. GARUDA CSR initiative that doing recycle of used paper support these motive to environmental concern that could influence CWB, but not strong enough to influence loyalty. Thereby, to enhance loyalty, company could not use only CSR activities (Ellen et al., 2006; Vlachos et al., 2011). Eventough CSR motives influence CWB, but CWB could not enhance loyalty. In this company, loyalty was developed through instrumental motives ofCSR (Bronn and Cohen, 2006).

Value CSR’s motive of PERTAMINA positively influence Personal and Family CWB of poor children that is in health and education well being, but other motives do not have significance influence.

CSR initiative PERTAMINA that is free tooth examination for children was perceived positive strategic and value motives that could
enhance CWB but could not fully develop customer loyalty. These two motives could not create loyalty directly but through mediating of Family CWB. It reflect that this company has instrumental motive (Bronn and Cohen, 2009; Vlachos et al, 2011). Davis also suggested that when corporations engage in initiatives that benefit society, stockholders’ interests can be advanced since problems can become profits (Bronn and Cohen, 2009). Personal and Family CWB could enhance customer’s buying value, finally influence customer participation through their supporting to PERTAMINA that reflect their loyalty through repeat buying, positive Word of Mouth (WOM), and positive recommendation to friends and relatives.

Table 6 show that egoistic CSR motives of GARUDA higher than PERTAMINA. It shows that the CSR activities of PERTAMINA concerning the children’s tooth health was perceived less company benefit’s focus than GARUDA. It could be because the characteristics of GARUDA CSR initiative (used paper) does not cost as high as expenses of PERTAMINA initiative.

Eventough the CSR could influence all CWB, but the CSR motives are different. At GARUDA, Stakeholder and Value Motives influence only personal, none to family. At PERTAMINA, Value Motives influence personal and family, otherwise Strategic motives only influence family well being. Table 7 show that personal dan family WB at these companies are different (PERTAMINA’s perceived Children Well Being higher than GARUDA). It explain why CSR of PERTAMINA could create customer loyalty and GARUDA could not achieve. GARUDA CSR is perceived more egoistic motive than PERTAMINA, further create lower poor’s children well being, and only personal well being. Otherwise, PERTAMINA CSR activity could influence more higher CWB (personal and family).

Table 6. Latent Means Between 2 Firms

<table>
<thead>
<tr>
<th>LATENT</th>
<th>GARUDA</th>
<th>PERTAMINA</th>
<th>DIFFERENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERSONAL</td>
<td>3.3756</td>
<td>3.6822</td>
<td>significance</td>
</tr>
<tr>
<td>FAMILY</td>
<td>3.2680</td>
<td>3.54403</td>
<td>significance</td>
</tr>
<tr>
<td>EGOISTIC</td>
<td>3.4200</td>
<td>3.2100</td>
<td>significance</td>
</tr>
<tr>
<td>STAKEHOLDER</td>
<td>3.1800</td>
<td>3.3650</td>
<td>not significance</td>
</tr>
<tr>
<td>STRATEGIC</td>
<td>3.7333</td>
<td>3.5933</td>
<td>not significance</td>
</tr>
<tr>
<td>VALUE</td>
<td>3.6720</td>
<td>3.7480</td>
<td>not significance</td>
</tr>
</tbody>
</table>

Conclusion

The data supported partially the model. Different CSR activities have different effect on customer perceived concerning company motives of doing CSR that involving in activities that targeted to poor children. CSR motives could build Children Well Being and customer loyalty. GARUDA, that has CSR program reused paper, CSR motives was perceived more egoistic and strategic than PERTAMINA, that has CSR program, tooth health. Other wise, PERTAMINA was perceived more concern about stakeholder and more value motives. Furthermore, Pertamina could create higher personal dan family CWB than GARUDA. The result show that different type of CSR activities having differential effect on personal and family issue of children well being and customer loyalty.

These 2 CSR initiatives have different impact on the relationship between CSR motives and Children Well Being, and between CSR motives and Customer Loyalty. GARUDA CSR activity was perceived has institutional motives, and PERTAMINA has instrumental motive (Bronn and Cohen, 2009; Vlachos et al, 2011). As summary, there is relationship between CSR motives influence customer loyalty directly or indirectly through developing poor’s children well being.

There are some limitations to this study. First, this research objects only 2 firms. Future research using different company and wider coverage area is recommended. Second, the outcome of CSR activities is from customer’s perspective, future research should consider multiple perspective from other stakeholder, such as employee and society which involve directly with CSR activities. Third, this study uses loyalty as behavior consequences of CSR activity. Using other consequences such as customer satisfaction and customer lifetime value
will increase benefit to firm in understanding corporate social performance. Fourth, future research should consider using other dimension of Children Well Being. Lastly, this study outcome only until behavioral consequences that might be not sufficient to show that CSR activities is investment. Future research could develop model until financial outcome to show financial contribution of CSR activities.

References


