Building Customer Trust through Corporate Social Responsibility: 
The Effects of Corporate Reputation and Word of Mouth

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Abstract

Corporate Social Responsibility (CSR) program has become one of the primary concerns of companies worldwide. For many companies, treating the environment and the community well is important to business practice and reputation, and this is reflected in their CSR programs. CSR is a company’s obligation to consider the interests of its employees, customers, shareholders, communities, and the environment and to consider the social and environmental consequences of their business activities. CSR plays an important role in relationship building with customers. Thus, the main purpose of this study is to analyze the relationship between customer perception of CSR and customer trust. The model of this study considers two mediating variables, i.e., company reputation and word of mouth to link CSR to customer trust. This study employs a causal survey design. The respondents were 160 consumers who have purchased products and knew about CSR programs of a global food company. Data analysis was using structural equation modeling (SEM) to test the hypotheses. The results of this study revealed that CSR negatively impacts customer trust. Furthermore, CSR positively impacts corporate reputation and word of mouth. Besides, this study found corporate reputation positively impacts word of mouth and customer trust. While the mediating effect of reputation and word of mouth also positively impacts the relationship between CSR and consumer trust. A good reputation and word of mouth could be connecting buyers and enhances the power of suppliers.

Keywords: Corporate Social Responsibility, Corporate Reputation, Customer Trust, Word of Mouth

JEL Classification Code: C38, C39, M30, M31

1. Introduction

Corporate social responsibility (CSR) practices have become crucial business activities and received increasing attention from researchers over the past few decades (Romani et al., 2013). CSR is an essential part of the company’s strategy. In doing so, they introduce organizational changes to promote their development and integration in business activities and processes (Chae, 2020; Ismail, 2009). Companies’ importance to care about the community and environment has become an essential role in determining a company’s social and economic performance. Customers may show favorable attitudes and behavior toward socially responsible corporate activities.

CSR is one of the critical factors to achieve high degrees of corporate performance by acting ethically and being responsible for all aspects of corporate performance (Hanzae & Sadeghian, 2013). CSR is a company’s sense of obligation towards the social and physical environments in which it operates (Noyer, 2008). CSR is a requirement for many companies in a highly competitive business environment (Arikan et al., 2016). CSR can be described as embracing responsibility and encouraging a positive impact through the company’s activities related to the environment, consumers, employees, communities, and other stakeholders.

Customer perception of CSR is a broad concept that encompasses four dimensions: economic, legal, ethical, and philanthropic (Choi & La, 2013). The economic indicator refers to the corporation’s financial responsibilities concerning competitiveness, profitability, and operational efficiency (Carroll, 2004; Lee et al., 2012). The legal
indicators is related to the corporation’s obligation to the regulations in the marketplace. Ethical CSR assures customers that their interests are part of the company’s values. The products and services are designed to meet customers’ real needs, without being manipulated through marketing tactics (Carroll, 2004). Philanthropic CSR mainly focuses on giving back to society without expecting anything in return (Carroll, 2004) and heavily investing in CSR activities (Smith, 2003). According to McWilliams et al. (2006), CSR is where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm, and that which is required by law. CSR is recognized as voluntary and extra-legal obligations performed by corporations to work for community welfare and environmental protection. These socially responsible activities of corporations help them in building a good reputation. This good reputation has a positive impact on all stakeholders including customers. Customer perceptions of CSR activities are positively related to the company’s reputation. CSR also has the potential to strengthen the relationship between the corporation and the customer. CSR reflects social performance, stakeholder management, social contract, enterprise ethics, corporate governance, and corporate citizenship. From a business-customer relationship perspective, companies represent social categories with which customers can identify. Thus, customers care not only about their experience but also want to belong to a social group when purchasing products or services. A company’s perceived CSR represents an important component of corporate associations. Previous research has established that corporate associations affect consumer attitudes and behavior. Particularly, CSR tends to have a positive effect on consumers’ attitude and behavior towards the focal company, including customer-company identification (Bhattacharya & Sen, 2003).

CSR also reflects social exchange methods among the company and its customers. Social exchange and social identity theory provide the foundation for predictions that the primary outcomes of CSR initiatives are organizational trust and organizational identification, which in turn affect organizational commitment. In marketing relationship research, social exchange relationships have been operationalized mainly through customer trust (Blau, 1964).

Trust is fundamentally essential in organizing a long-term relationship within any commercial enterprise ecosystem (Halliburton & Poenaru, 2010). Customer trust is formed based on accumulated satisfaction, the consistent delivery of quality service, the fulfillment of customer needs, honest and fair treatment, and confidence that the firm intends to act in the customer’s best (Berry, 1999). Luo and Bhattacharya (2006) have explained a direct link between CSR and customer satisfaction, showing that a firm’s CSR initiatives increase customer satisfaction and customer trust. Customer trust, according to Jalilvand et al. (2017), is also a consequence of an excellent corporate reputation.

Company reputation is stakeholders’ perceptions regarding company behavior in the marketplace (Fombrun & Shanley, 2018). It becomes a good signal for the stakeholders. These signals can come from product quality, financial performance, media visibility, and CSR (Pavelin & Brammer, 2006). Corporate reputation is a powerful influence on whether consumers become customers. Companies with an excellent reputation have more customers, enjoy positive word-of-mouth (WOM) from those customers, resulting in higher volumes of new customer acquisition, and reduced churn. (Walsh et al., 2009). WOM communication could be individuals exchange information, but not limited to, phone conversations, face-to-face encounters, and the Internet (Souki et al., 2018). Word-of-mouth (WOM) occurs when consumers share information informally with one another about products, brands, or services. WOM is an essential predictor of consumer decision-making. WOM is a form of social influence that may positively or negatively change the receiver’s attitude and behavior (Su et al., 2015). Customer trust is a fundamental constituent in building and maintaining a long-term relationship between customers and the company (Morgan & Hunt, 1994). CSR has a direct and greater impact on customer trust; the total effect of CSR confirms when customer trust, customer identification with the company, customer satisfaction, and customer commitment mediate in their relationship. Customer trust, customer identification with the company, customer satisfaction, and customer commitment are the key antecedents (drivers) of customer loyalty (Mayer et al., 1995; McKnight et al., 2002).

Considering the mediating effects of corporate reputation and WOM in CSR with customer trust, this study investigates a global food company’s CSR activities. The sustainable CSR programs of this global food company have contributed to help SMEs by developing education using digital technology in Indonesia. This company also actively promote their CSR programs in various media, including their official website. This study explains how CSR implementation could contribute to building customer trust, corporate reputation, and word-of-mouth.

2. Literature Review

2.1. Corporate Social Responsibility on Corporate Reputation

Due to global competition, an increase in media clutter, and less differentiation in brand, companies are using different tools to increase the value of intangible assets (reputation and brand image). A key aspect of corporate reputation is stakeholder groups’ perceptions of the organization’s CSR, or more precisely, their perceptions
of how well the organization’s CSR initiatives and outcomes meet stakeholders’ social and environmental values and expectations. From the research perspective, although financial performance is of a company’s primary interest, reputation is considered as a scale to measure the company’s success and benefits (Hanzaee & Sadeghian, 2014). Moreover, many researchers have stated that a positive reputation is a strategic asset that helps companies create and maintain their competitive advantages (Jeremy, 2010). Consumers evaluate a company’s new products or services in terms of its reputation in the market (Hsu, 2012). Corporate reputation is the outcome of a company’s actions. CSR activities are one of the most effective ways to build a reputation in the eyes of stakeholders, which in turn builds perceptions of organizational performance (Fombrun & Shanley, 2018). Companies can improve their reputation and reduce the financial impact of negative publicity through strategic social investments (Jalilvand et al., 2017). The signaling theory (Spence, 2002) provides the foundation for predicting that CSR initiatives’ primary outcome is corporate reputation. Park et al. (2013) stated that a firm’s fulfillment of economic and legal CSR initiatives had a direct positive effect on corporate reputation, however, ethical and philanthropic CSR initiatives did not have a positive impact on corporate reputation. In the CSR-trust link, economic performances fostered consumer expertise trust, legal and ethical CSR activities affected integrity trust, and philanthropic CSR activities influenced social benevolence trust in the firm. According to Su et al. (2017), CSR positively affects perceived corporate reputation and customer satisfaction, significantly affecting customer commitment and behavioral responses. Hence, we propose the following hypothesis:

**H1:** CSR has a significant positive impact on corporate reputation.

### 2.2. CSR on Word-of-Mouth (WOM)

Pomerang and Johnson (2009) developed a set of research propositions concerned with how the alignment between socially responsible corporate image and corporate identity might be enhanced through the reduction of skepticism by considering diagnostic dimensions of the CSR image advertising claim. Firms may use CSR to not merely benefit the environment and society, but also to accomplish various firm-level strategic objectives and gain a competitive advantage. CSR image influences trust and loyalty, and that trust and loyalty had a positive influence on WOM intentions. Social exchange theory can be used to predict that CSR initiatives affect customer WOM about the firm (Jalilvand et al., 2017). Mandhachitara and Poolthong (2011) stated that CSR has a significantly strong and positive association with attitudinal loyalty. Perceived service quality mediated the relationship between CSR and repeat patronage intentions (behavioral loyalty). Direct effects were reported between perceived service quality and both attitudinal and behavioral loyalty. A positive relationship between attitudinal and behavioral loyalty was demonstrated. Kang and Hustvedt (2013) stated that consumers’ perceptions of a corporation’s efforts to be transparent in the production and labor conditions and to be socially responsible by giving back to the local community directly affected these consumers’ trust and attitudes toward the corporation, and indirectly affected their intentions to purchase from and spread positive WOM about the corporation. According to Jalilvand et al. (2017), CSR positively induces WOM. Thus, this study proposed the following hypothesis.

**H2:** CSR has a significant positive impact on word of mouth.

### 2.3. The Effect of Corporate Reputation on Word-of-Mouth (WOM)

Customer–company identification mediates the influence of corporate reputation on positive WOM intentions. To promote customers’ positive WOM intentions, companies need to obtain a favorable reputation held by customers and foster a satisfactory relationship with customers, while fostering customer-company identification. A company with good reputations tends to gain more consumers (Dam, 2020). According to Walsh et al. (2009), customers who perceive the company to have a good reputation would be more willing to engage in positive WOM than those who do not perceive the company has a good reputation. Companies with a good reputation will stimulate positive WOM, whereas companies with a very poor reputation may produce negative WOM (Jalilvand et al., 2017). According to Tong (2014), corporate reputation has a significant impact on WOM. Therefore, we propose the following hypothesis:

**H3:** Corporate reputation has a significant positive impact on word of mouth.

### 2.4. Corporate Reputation and Customer Trust

Corporate reputation is an essential factor in establishing customer relationships. Wu et al. (2012) proposed a theoretical model that examined how service guarantees offered by hotels affect the perceived quality and perceived risk of consumers, as well as the moderating effect of corporate reputation. The results indicated that the type of service guarantee significantly affects the perceived quality and perceived risk of consumers. Furthermore, corporate reputation has a moderating effect on the relationship...
between service guarantee type and the perceived quality and perceived risk. Keh and Xie (2009) proposed a model with customer trust, customer identification, and customer commitment as the key intervening factors between corporate reputation and customer purchase intention and willingness to pay a price premium. Results indicated that corporate reputation has a positive influence on both customer trust and customer identification. Customer commitment mediates the relationships between the two relational constructs (customer trust and customer identification) and behavioral intentions.

Reputable companies may achieve customer trust in three paths. First, customers perceive companies with a good reputation by several interrelated features—reliability, credibility, responsibility, and trustworthiness, as well as perceived quality, which could encourage the customers’ expectation of corporate capability in providing products or services (Jalilvand et al., 2017). Second, reputation plays a valuable role in reducing the uncertainty stakeholders encounter when evaluating firms due to a positive corporate reputation based on superior performance over a certain period (Jalilvand et al., 2017). Third, corporate reputation often requires considerable time and investment (Jalilvand et al., 2017). A high reputation can approve customer confidence and reduce risk perceptions when they judge company performance and quality of goods or services. Therefore, customers may perceive companies with a high reputation as trustworthy. Thus, we put forward the following hypothesis:

**H4: Corporate reputation has a significant positive impact on customer trust.**

### 2.5. Word-of-Mouth (WOM) on Customer Trust

WOM marketing is when a consumer’s interest in a company’s product or service is reflected in their daily dialogues. Essentially, is it is free advertising triggered by customer experiences, and usually, something that goes beyond what they expected (Jalilvand et al., 2017; Kakirala & Singh, 2020; Le & Vo, 2020). WOM could influence consumers’ trust to purchase goods and services from a company with a good reputation (Carroll, 2004). Doosti et al. (2016) stated that face-to-face communication (WOM) is more convincing than written information as WOM tends to share more information. Knowing and understanding customer needs is at the center of every successful business, whether it sells directly to individuals or other businesses (Tong, 2014). CSR influences customer loyalty both directly and indirectly through co-creation and customer trust. However, the indirect impact is the stronger of the two, implying that embracing co-creation activities and developing customer trust can make it easier for CSR practices to enhance customer loyalty. Besides, co-creation has a direct effect on customer trust (Iglesias et al., 2018). Cheung et al. (2009) through a laboratory experiment, investigated the moderating effect of positive WOM on the relationships among consumers’ belief (i.e., cognitive trust - competence and integrity), attitude (i.e., emotional trust), and behavioral intention to shop online. Results show that positive WOM strengthens the relationship between consumers’ emotional trust and their intention to shop online, as well as the relationship between consumers’ perceived integrity and attitude. Jalilvand et al. (2017) stated that WOM has a significant impact on customer trust. Therefore, this research develops the following hypothesis:

**H5: WOM has a significant positive impact on customer trust.**

### 2.6. CSR and Customer Trust

CSR could increase customer trust and identification with the firm (Jalilvand et al., 2017). There is a positive relationship between the perceived ethicality of a brand and both brand trust and brand effect. The brand effect also positively influences brand trust. Further, brand trust and brand affect both show a positive relationship with brand loyalty (Singh et al., 2012). Vlachos et al. (2009) investigated whether consumers’ perceptions of motives influence their evaluation of CSR efforts. The study revealed the mediating role of consumer trust in CSR evaluation frameworks. Managers should monitor consumer trust, which seems to be an important subprocess regulating the effect of consumer attributions on patronage and recommendation intentions. Further, managers may allay the negative effects of profit-motivated giving by doing well on service quality perceptions. On the other hand, appropriately motivated giving continues to positively affect trust regardless of the performance of the firm on service quality provision (Swaen & Chumpitaz, 2013). Customer loyalty and trust are increasingly recognized as crucial for businesses to gain a unique and advantageous position over their competitors. To build customer loyalty and trust, businesses in developed countries are increasingly incorporating corporate social responsibility (CSR) practices in their business operations (Glavas & Godwin, 2013).

Lamberti & Lettieri (2009) stated that companies adopt CSR practices to address stakeholders’ claims and consolidate their trust. CSR can reshape corporate strategy to manage stakeholders’ uncertainty regarding products and firms’ behavior and win their trust. Nikbin et al. (2015) demonstrated that airline passengers’ perceptions of CSR practices influenced their trust and loyalty. According to the results, passengers would be willing to select airlines centered on environmental protection activities. According to Lin and Ryan (2016), a good mission statement and
accompanying branding strategy can be important for an airline, as together they may increase passenger confidence in the carrier. They examined the relationship between mission statements and brand equity, with the existence of trust in a brand as a moderating variable. The results showed positive relationships between an airline’s mission statement and passenger perceptions of brand trust and brand equity.

Kim and Kim (2016) showed that customers’ perception of a restaurant’s CSR initiative of dis-closing nutritional information positively affects brand trust in the restaurant. The purpose of their study was to test how potential customers’ perceptions of a hotel’s CSR activities, service quality, and transparency impact trust, satisfaction, and customer loyalty. CSR and reputation had positive relationships with trust and satisfaction, while service quality had a direct effect on customer loyalty. Besides, transparency had a significant influence on customer trust. Customer trust had a significantly positive influence on customer loyalty. Hong and Rim (2010) investigated the potential of organization websites from the customer’s perspective. The results showed significant direct effects of customers’ use of corporate websites on their perceptions of a company’s CSR and their trust in the company, and indirect effects of their use of corporate websites on positive word-of-mouth through trust. The results also indicated a close link between the perception of corporate social responsibility and trust. The influence of satisfaction on customer loyalty is mediated by trust. Thus, we develop the following hypothesis:

\[ H6: \text{CSR has a significant positive impact on customer trust.} \]

### 2.7. The Mediating Effects of CSR on Corporate Reputation to Customer Trust

According to Groenland (2002), a positive CSR positively influences consumer trust in the respective company. According to Shih-Ping (2011), good corporate reputations build customer cross-buying intentions by increasing customers’ expected service quality, decreasing information costs, and enhancing trust and affective commitment. Melo and Garrido-Morgado (2012) propose that corporate social responsibility (CSR) is a key driver of corporate reputation given its potential to foster hard-to-duplicate competitive advantage. Their model embodied the multidimensional concept of CSR, presenting a five-dimensional construct – employee relations, diversity issues, product issues, community relations, and environmental issues – and interact those with industrial effects. Their results indicated that the five dimensions of CSR have a significant impact on corporate reputation and this impact is moderated by the industry of the firm. Customers perceive CSR activities and the quality of relationships with a firm as an essential factor in determining customer reaction (Bhattacharya et al., 2017). Agirre and Pescador (2019) examined the mediating role of corporate reputation on the relationship between perceived CSR (conceptualized as a formative second-order formative construct) and customer loyalty. The results showed that corporate reputation partially mediated the relation between CSR and customer loyalty. On the other hand, bank type is shown not to moderate the mediation effect. A good reputation could be connecting buyers and enhances the power of suppliers. According to Jalilvand et al. (2017), CSR can influence mediated corporate reputation on customer trust. Then, the following hypothesis is proposed.

\[ H7: \text{The mediating effect of CSR on corporate reputation and customer trust in a relationship.} \]

### 2.8. The Mediating Effects of CSR on WOM to Customer Trust

Customers observe the brand through a range of contacts and use word of mouth, interactions with company personnel, online or telephone experiences, and payment transactions (Kotler & Keller, 2016). WOM has shown that face-to-face communication is more convincing than information written down because of the vividness of face-to-face information (Doosti et al., 2016). CSR has a strategic role for customers, employees, the community, the environment, and shareholders (Kotler & Keller, 2016). CSR can mediate WOM on customer trust and stakeholders. Jalilvand et al. (2017) aimed to model and test the relationships between CSR, corporate reputation, WOM behavior, and customer trust within the hotel context. The research results showed that CSR has a direct and positive effect on customer trust, corporate reputation, and WOM; CSR has an indirect and positive influence on customer trust via corporate reputation and WOM as mediating variables; corporate reputation is a significant antecedent of WOM, and corporate reputation and WOM are positively associated with customer trust. Thus, we proposed the following hypothesis.

\[ H8: \text{CSR to mediate the relationship between WOM and customer trust.} \]

### 3. Research Methods and Materials

This study employed a quantitative causal survey approach. The data collection was drawn from a representative sample of the population via the purposive sampling method. Purposive sampling is an acceptable kind of sampling for special situations. It uses the judgment of an expert in selecting cases or it selects cases with a specific purpose in mind. Purposive sampling is used most often when a difficult-to-reach population needs to be measured.
The research setting is a global food company in Indonesia, PT Indofood Sukses Makmur (2019). Respondents are young adult consumers of the company who know about the CSR activities of the company. The sample size is 160 respondents. A five-scales Likert questionnaire ranging from 1 (strongly disagree) to 5 (strongly agree) was distributed to measure the four constructs being investigated. CSR is measured using nine indicators which refers to Jalilvand et al. (2017) and Tong (2014). Corporate Reputation is measured with four indicators adapted from Jalilvand et al. (2017) and McKnight et al. (2001). The measurement for WOM is using four indicators adopted from Jalilvand et al. (2017) and Tong (2014) and Corporate Trust is measured using four indicators which refers to McKnight et al. (2001) and Jalilvand et al. (2017). The complete indicators are shown in Table 2. The data analysis is using Structural Equation Modeling (SEM).

4. Results and Discussions

The descriptions of respondents obtained from data collection shown in Table 1.

<table>
<thead>
<tr>
<th>Classification of Respondent</th>
<th>Sub Classification</th>
<th>Total</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Age</td>
<td>15</td>
<td>1</td>
<td>0.6%</td>
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<tr>
<td></td>
<td>17</td>
<td>2</td>
<td>1.3%</td>
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<tr>
<td></td>
<td>18</td>
<td>19</td>
<td>11.9%</td>
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<td></td>
<td>19</td>
<td>21</td>
<td>13.1%</td>
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<tr>
<td></td>
<td>20</td>
<td>31</td>
<td>19.4%</td>
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<tr>
<td></td>
<td>21</td>
<td>60</td>
<td>37.5%</td>
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<tr>
<td></td>
<td>22</td>
<td>20</td>
<td>12.5%</td>
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<tr>
<td></td>
<td>23</td>
<td>4</td>
<td>2.5%</td>
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<tr>
<td></td>
<td>24</td>
<td>1</td>
<td>0.6%</td>
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<tr>
<td></td>
<td>25</td>
<td>1</td>
<td>0.6%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>160</td>
<td>100%</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>77</td>
<td>44.4%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>89</td>
<td>55.6%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>160</td>
<td>100%</td>
</tr>
<tr>
<td>Expenditure</td>
<td>&lt; Rp. 1.500.000</td>
<td>36</td>
<td>22.5%</td>
</tr>
<tr>
<td></td>
<td>Rp. 1.500.000 − Rp. 2.000.000</td>
<td>64</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Rp. 2.000.000 − Rp. 3.000.000</td>
<td>38</td>
<td>23.8%</td>
</tr>
<tr>
<td></td>
<td>Rp. 3.000.000 − Rp. 4.000.000</td>
<td>22</td>
<td>13.8%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>160</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.1. Path Diagrams into Structural Equations

The depiction of a set of relationships in the path diagram typically involves the combination of dependence and correlational relationships among exogenous and endogenous constructs. The next step was to compile causality relationships with the path diagrams and compile structural equations. The model’s structuring was by connecting latent constructs, both exogenous and endogenous, to the measurement model, and connecting latent constructs with the indicator variable or manifest.

4.2. Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) is a multivariate statistical procedure that is used to test how well the measured variables represent the number of constructs. CFA measures the validity and reliability of the constructs. It is used to test whether measures of a construct are consistent with a researcher’s understanding of the nature of that construct.
The reliability test is a test used to show the extent to which measurements on a variable was without bias (without error) or consistently produced the same results. Reliability testing in this study used Construct or Composite Reliability (CR). CR is a measure of internal consistency in scale items. CFA is one way to measure CR. Factor loading is the correlation coefficient for the variable and factor. Factor loadings are an indication of how strongly individual items are associated with each factor (variance explained by the variable on that particular factor). In the SEM approach, as a rule of thumb, 0.7 or higher factor loading represents that the factor extracts sufficient variance from that variable. However, the loading factor ranging from 0.50 - 0.60 was still tolerated (Ghozali, 2016). The boundary value used to assess a consistency was > 0.7, but the limit of 0.60 - 0.70 was still acceptable (Ghozali, 2016). Hence from Table 2 results, it was revealed that the instruments of this study were reliable and could be used for further research.

4.3. Evaluate Model Estimates Model

Goodness of Fit

The goodness-of-fit indicated how far the proposed model fits the sample data (Hair et al., 2016).

Based on the data shown in Table 3, several categories of measurements were unfit, i.e., $X^2$ Chi-Square (198.154), probability (0.000), and GFI (0.757). However, the results of RMSEA (0.092), AGFI (0.748), and TLI (0.897) showed...
4. Regression Weight Test

Regression weight tests the relationship between exogenous and endogenous variables. The hypothesis in this study was accepted if the probability value \( p \) was less than 0.05, and the value of \( CR \) was more than 2.000 (Ghozali, 2016). Table 4 shows the results of the regression weight test.

Based on Table 4, the results of this study explain the following:

1. Hypothesis 1 (H1) predicts that CSR has a significant positive effect on corporate reputation. Results of hypothesis testing showed a \( p \)-value of 0.000 < 0.05, and the value of CR is 7.015 > 2.000. Hence, H1 is supported.
2. Hypothesis 2 (H2) predicts that CSR has a significant positive effect on WOM. Results of hypothesis testing showed a \( p \)-value of 0.000 < 0.05, and the value of CR is 5.453 > 2.000. Hence, H2 is supported.
3. Hypothesis 3 (H3) predicts that corporate reputation has a significant positive effect on WOM. Results of hypothesis testing showed a \( p \)-value of 0.000 < 0.05, and the value of CR is 3.916 > 2.000. Hence, H3 is supported.
4. Hypothesis 4 (H4) predicts that corporate reputation had a significant positive effect on customer trust. Results of hypothesis testing showed a \( p \)-value of 0.000 < 0.05, and the value of CR is 5.668 > 2.000. Hence, H4 is supported.
5. Hypothesis 5 (H5) predicts that WOM had a significant positive effect on customer trust. Results of hypothesis testing showed a \( p \)-value of 0.000 < 0.05, and the value of CR was 0.932 > 2.000. Hence, H5 is supported.
6. Hypothesis 6 (H6), predicts that CSR had adverse effects on customer trust. Results of hypothesis testing showed a \( p \)-value of 0.000 < 0.05, and the value of CR was 0.346 > 2.000. This hypothesis was not significant due to the data of regression weight, which could not follow the requirement of each value among probability and CR. Furthermore, the results of the sixth hypothesis had supported.

4.5. Test Mediating Effects

The first stage was testing the effects of mediation to know CSR on a corporate reputation that could mediate customer trust. Second, to know CSR on WOM that could mediate customer trust. Then, we compare the results of the standardized direct effect and the standardized indirect effect.

The results of the indirect effect of each variable, as shown in Table 6, show the value of CSR on customer trust was 0.724. The indirect effect’s value was the total value through the mediation of corporate reputation and WOM. It was then necessary to do additional calculations to see each mediation effect’s value by multiplying the direct effect’s value based on Figure 1.

The values of the indirect effect of each hypothesis:

\[
\text{CSR} \rightarrow \text{Corporate Reputation} \rightarrow \text{Customer Trust} = 0.681 \times 0.656 = 0.446 \\
\text{CSR} \rightarrow \text{WOM} \rightarrow \text{Customer Trust} = 0.513 \times 0.362 = 0.185 + \text{The total amount of indirect effect was 0.631}
\]

Based on the results of Table 5 and Figure 1, it could be concluded that the direct effect of CSR on customer trust is −0.008. Table 5 results show the impact of mediating CSR on the influence of corporate reputation on customer trust, and the mediation effect value is 0.446, higher than the direct impact of −0.008. The effect of mediating CSR was needed

<table>
<thead>
<tr>
<th>Table 4: The Results of Regression Weight</th>
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<tbody>
<tr>
<td><strong>Hypothesis</strong></td>
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<tr>
<td>H1</td>
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<td>H3</td>
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<td>H6</td>
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to consider previous test results, which stated that there was no immediate significant effect of CSR on customer trust. Hypothesis seven (H7) predicting the mediating impact of corporate reputation on CSR and customer trust relationship was supported.

Further, Table 5 results show the impact of mediating CSR on the influence of WOM on customer trust, and the mediation effect value is 0.185, higher than the direct impact of −0.008. Hypothesis eight (H8) predicting the mediating impact of WOM on CSR and customer trust relationship was supported.

5. Conclusion

Results of hypothesis testing indicate the following findings:

The results of H1 testing confirmed that customer perception of CSR positively affects corporate reputation. It means that CSR programs promote corporate reputation. These results are consistent with the findings of Su et al. (2017) who showed that consumer perception of CSR positively affected corporate reputation.

The results of H2 testing confirmed that CSR has a significant positive impact on WOM. These results are consistent with the findings of Kang and Hustvedt (2013) who stated that customers’ perceptions of a company’s CSR actions could influence the intentions to spread positive WOM for a company. Moreover, these results are also consistent with Jalilvand et al. (2017) who showed that CSR positively induces WOM.

The results of H3 testing confirmed that corporate reputation positively affects WOM. These results are consistent with the findings of Tong (2014) who showed corporate reputation has a significant impact on WOM.

The results of H4 testing confirmed that corporate reputation positively affects customer trust. These results are consistent with the findings of Keh and Xie (2009) who showed that a sense of trust and satisfaction in a corporation resulted from a good corporate reputation.

The results of H5 testing confirmed that WOM has a significant effect on customer trust. These results are consistent with the findings of Jalilvand (2017) who showed that WOM is the predictor for consumer trust.

The results of H6 testing confirmed that CSR has a significant negative impact on customer trust. These results are consistent with the findings of Kim and Kim (2016) who showed that customers’ perception of a firm’s CSR initiatives positively affects its brand trust. These results are also consistent with the findings of Hong and Rim (2010) who showed that there is a close link between CSR and trust.

The results of H7 testing confirmed that CSR could mediate the effect of corporate reputation on customer trust. These results are consistent with the findings of Jalilvand et al. (2017), who showed that CSR can mediate the influence of corporate reputation on customer trust.
The results of H8 testing confirmed that CSR can mediate the effect of WOM on customer trust. These results are consistent with the findings of Jalilvand et al. (2017), who showed that CSR can mediate the influence of WOM on customer trust. This study limitation might be related to the homogenous background of the respondents which is limited to the students of a private university in Yogyakarta, Indonesia. More diverse respondents could give a better explanation regarding these phenomena. Another limitation is regarding the mediating variables in this study. The potential mediators such as customer commitment, perceived value, perceived service quality, and corporate image may result in better findings.

References


