



SRI GUNAWAN &lt;sgunawan@feb.unair.ac.id&gt;

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**198193820 (Cogent Business & Management) A revise decision has been made on your submission**

1 message

**Cogent Business and Management** <em@editorialmanager.com>

Mon, Oct 14, 2019 at 5:35 AM

Reply-To: Cogent Business and Management &lt;business@cogentoa.com&gt;

To: Sri Gunawan &lt;sgunawan@feb.unair.ac.id&gt;

Ref: COGENTBUSINESS-2019-0361

198193820

Authenticity as a Corporate Social Responsibility Platform to Build Customer Loyalty  
Cogent Business & Management

Dear Sri Gunawan,

Your manuscript entitled "Authenticity as a Corporate Social Responsibility Platform to Build Customer Loyalty", which you submitted to Cogent Business &amp; Management, has now been reviewed.

The reviews, included at the bottom of the letter, indicate that your manuscript could be suitable for publication following revision. We hope that you will consider these suggestions, and revise your manuscript.

Please submit your revision by Nov 12, 2019, if you need additional time then please contact the Editorial Office.

To submit your revised manuscript please go to <https://rp.cogentoa.com/dashboard/> and log in. You will see an option to Revise alongside your submission recordIf you are unsure how to submit your revision, please contact us on [business@cogentoa.com](mailto:business@cogentoa.com)

Please ensure that you include the following elements in your revised submission:

- \* public interest statement - a description of your paper of NO MORE THAN 150 words suitable for a non-specialist reader, highlighting/explaining anything which will be of interest to the general public (to find about more about how to write a good Public Interest Statement, and how it can benefit your research, you can take a look at this short article: <http://explore.cogentoa.com/author-tool-kit/public-interest-statement>)

- \* about the author - a short summary of NO MORE THAN 150 WORDS, detailing either your own or your group's key research activities, including a note on how the research reported in this paper relates to wider projects or issues.

You also have the option of including the following:

- \* photo of the author(s), including details of who is in the photograph - please note that we can only publish one photo

- \* cover image - you are able to create a cover page for your article by supplying an image for this purpose, or nominating a figure from your article. If you supply a new image, please obtain relevant permissions to reproduce the image if you do not own the copyright

If you require advice on language editing for your manuscript or assistance with arranging translation, please do consider using the Taylor &amp; Francis Editing Services.

Please ensure that you clearly highlight changes made to your manuscript, as well as submitting a thorough response to reviewers.

We look forward to receiving your revised article.

Best wishes,

Gordon Liu, PhD

Editor

Cogent Business &amp; Management

Comments from the Editors and Reviewers:

Title, Abstract and Introduction – overall evaluation

Reviewer 1: Unsound or fundamentally flawed

Methodology / Materials and Methods – overall evaluation

Reviewer 1: Unsound or fundamentally flawed

Objective / Hypothesis – overall evaluation

Reviewer 1: Sound with minor or moderate revisions

Figures and Tables – overall evaluation

Reviewer 1: Unsound or fundamentally flawed

Results / Data Analysis – overall evaluation  
Reviewer 1: Unsound or fundamentally flawed

Interpretation / Discussion – overall evaluation  
Reviewer 1: Unsound or fundamentally flawed

Conclusions – overall evaluation  
Reviewer 1: Unsound or fundamentally flawed

References – overall evaluation  
Reviewer 1: Sound with minor or moderate revisions

Compliance with Ethical Standards – overall evaluation  
Reviewer 1: Sound

Writing – overall evaluation  
Reviewer 1: Sound with minor or moderate revisions

Supplemental Information and Data – overall evaluation  
Reviewer 1: Unsound or fundamentally flawed

Comments to the author  
Reviewer 1: The sample for this paper is concerning. From a little research on the web it appears that this water company has a pretty strong foothold on the market, dominating 40%. Thus some concern arises about the sample, their incomes and how much choice they have. The loyalty could be as a result of availability. Further it is difficult for me to connect the consumption of this bottled water (that has 40% of the market at least) to work as a predictor of Corporate Credibility. How can ones CSR authenticity, corporate image and customer loyalty be assessed through a sample of people that have little choice in their bottled water?

Methods: The PLS on the measures which I assume were previously established and found them to be reliable. That was fine. Then they ran path coefficients to determine if the hypothesis were supported. They found support for 5 out of 6 using path coefficients and t-tests. Hy 1 was not supported.

However when the mediation model - that relies on hypothesis 1, cannot be utilized because mediation requires one to show the main effect of both variables before saying it is mediated. Barron and Kenney lay this out extremely well in this website: <http://davidakenny.net/cm/mediate.htm>

So, given this fundamental flaw- none of the discussion makes any sense because it revolves around a mediation that is not actually there. Of further concern is that in the set up of the paper there is no mention of the mediation- actually they use the word moderation- (of course this is not the same). Typically in a mediated relationship this is hypothesized a priori.

Title, Abstract and Introduction – overall evaluation  
Reviewer 3: Sound with minor or moderate revisions

Methodology / Materials and Methods – overall evaluation  
Reviewer 3: Sound with minor or moderate revisions

Objective / Hypothesis – overall evaluation  
Reviewer 3: Sound with minor or moderate revisions

Figures and Tables – overall evaluation  
Reviewer 3: Sound

Results / Data Analysis – overall evaluation  
Reviewer 3: Sound

Interpretation / Discussion – overall evaluation  
Reviewer 3: Sound

Conclusions – overall evaluation  
Reviewer 3: Sound with minor or moderate revisions

References – overall evaluation  
Reviewer 3: Sound

Compliance with Ethical Standards – overall evaluation  
Reviewer 3: Not applicable

Writing – overall evaluation  
Reviewer 3: Sound

Supplemental Information and Data – overall evaluation  
Reviewer 3: Sound with minor or moderate revisions

#### Comments to the author

Reviewer 3: The paper 'Authenticity as a Corporate Social Responsibility Platform to Build Customer Loyalty, piqued my attention as it addresses a theoretically complex and practically meaningful question that will be of interests to the scholars in the field. The paper couches the phenomenon of CSR authenticity as a platform used to build customer loyalty in Indonesia. The context is also intriguing, as we know very little about CSR in Indonesia. With that said, I have made the following observations with regards to your paper.

##### 1. Introduction/Rationale

The research gaps of contributions of the study need to be precise. You need to start off by identifying the theoretical gap(s) in the literature, and tell the reader how your paper fills them. Currently, the study vows to fill many gaps but they look off guard. For instance, the authors claim that there is a scarcity of in-depth studies in the field of marketing, related to authenticity. There are many studies conducted on the said topic, even some journals have special issues on CSR sincerity/authenticity. Similarly, the other contributions/gaps need to be put in a way so that they look authentic and theoretically generalizable. Additionally, I would suggest the authors to go through some studies on CSR hypocrisy to better frame the introduction. Currently, the instruction section is overly descriptive, and needs to be revised by highlighting the novel contributions.

Looking at your focus on Indonesia in the last paragraph of your introduction, I also recommend the introduction to be written as a addressing an issue with regard to emerging/developing economies in general. In a paragraph, you can explain that you focus on Indonesia, as well as the strengths (i.e., generalizability of the findings from this country; you dig deep into understanding channels in one institutional context) and weaknesses (i.e., how it might differ from other emerging/developing economies) attached to focusing only on firms in this country.

##### Theoretical underpinnings

In this section, you need to identify clearly the gaps in the literature and comprehend why studying the association among the said variables will address those gaps while developing hypotheses. Additionally, I would recommend the authors to provide more details on integration of stakeholders' theory and affect theory of social exchange.

##### Research approach and methods/Sample

This section needs attention as well. I would recommend the authors to structure this section as –sampling, measurement (that will include validity testing as it is a measurement issues not data analysis) and research design. Additionally, the section that asserts the validation of scales needs further details. You can provide figures and tables to show the results for discriminant and construct validities. Additionally, somewhere before that mention about the face and content validities of the scale as well. All these validity measures are equally important. Finally, the authors did not provide sufficient reasons for the use of SEM over hierarchical regression models.

##### Results/Discussions/Conclusion

The discussion section need to be enhanced and more nuanced analysis are needed here. I would also recommend the authors to write this section in relation to Indonesian context.

In conclusion, I very much appreciate authors work and their efforts to advance our understanding about the complexities that are associated with authenticity and CSR in relation to brand equity. I believe this paper will make a very good journal article.

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*In compliance with data protection regulations, you may request that we remove your personal registration details at any time. [\(Remove my information/details\)](#). Please contact the publication office if you have any questions.*



SRI GUNAWAN &lt;sgunawan@feb.unair.ac.id&gt;

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**198193820 (Cogent Business & Management) A revise decision has been made on your submission**

1 message

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**Cogent Business and Management** <em@editorialmanager.com>  
Reply-To: Cogent Business and Management <business@cogentoa.com>  
To: Sri Gunawan <sgunawan@feb.unair.ac.id>

Thu, Jan 16, 2020 at 5:04 AM

Ref: COGENTBUSINESS-2019-0361R1  
198193820

Authenticity as a Corporate Social Responsibility Platform to Build Customer Loyalty  
Cogent Business & Management

Dear Sri Gunawan,

Your manuscript entitled "Authenticity as a Corporate Social Responsibility Platform to Build Customer Loyalty", which you submitted to Cogent Business & Management, has now been reviewed.

The reviews, included at the bottom of the letter, indicate that your manuscript could be suitable for publication following revision. We hope that you will consider these suggestions, and revise your manuscript.

Please submit your revision by Feb 14, 2020, if you need additional time then please contact the Editorial Office.

To submit your revised manuscript please go to <https://rp.cogentoa.com/dashboard/> and log in. You will see an option to Revise alongside your submission record.

If you are unsure how to submit your revision, please contact us on [business@cogentoa.com](mailto:business@cogentoa.com)

Please ensure that you include the following elements in your revised submission:

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We look forward to receiving your revised article.

Best wishes,

Gordon Liu, PhD

Editor

Cogent Business & Management

Comments from the Editors and Reviewers:

Title, Abstract and Introduction – overall evaluation  
Reviewer 3: Sound

Methodology / Materials and Methods – overall evaluation  
Reviewer 3: Sound

Objective / Hypothesis – overall evaluation  
Reviewer 3: Sound

Figures and Tables – overall evaluation  
Reviewer 3: Sound

## Results / Data Analysis – overall evaluation

Reviewer 3: Sound

## Interpretation / Discussion – overall evaluation

Reviewer 3: Sound with minor or moderate revisions

## Conclusions – overall evaluation

Reviewer 3: Sound with minor or moderate revisions

## References – overall evaluation

Reviewer 3: Sound with minor or moderate revisions

## Compliance with Ethical Standards – overall evaluation

Reviewer 3: Not applicable

## Writing – overall evaluation

Reviewer 3: Sound with minor or moderate revisions

## Supplemental Information and Data – overall evaluation

Reviewer 3: Not applicable

## Comments to the author

Reviewer 3: I am happy with the efforts authors made to revise the paper. While the paper has improved significantly, there are still some issues that needs to be addressed before the final decision. Especially, the discussion and conclusion sections need to be tidy up and the reasons behind the results must be streamlined and thorough.

## Title, Abstract and Introduction – overall evaluation

Reviewer 4: Sound with minor or moderate revisions

## Methodology / Materials and Methods – overall evaluation

Reviewer 4: Sound with minor or moderate revisions

## Objective / Hypothesis – overall evaluation

Reviewer 4: Sound with minor or moderate revisions

## Figures and Tables – overall evaluation

Reviewer 4: Sound with minor or moderate revisions

## Results / Data Analysis – overall evaluation

Reviewer 4: Sound with minor or moderate revisions

## Interpretation / Discussion – overall evaluation

Reviewer 4: Sound with minor or moderate revisions

## Conclusions – overall evaluation

Reviewer 4: Sound with minor or moderate revisions

## References – overall evaluation

Reviewer 4: Sound with minor or moderate revisions

## Compliance with Ethical Standards – overall evaluation

Reviewer 4: Sound

## Writing – overall evaluation

Reviewer 4: Sound with minor or moderate revisions

## Supplemental Information and Data – overall evaluation

Reviewer 4: Sound with minor or moderate revisions

## Comments to the author

Reviewer 4: You need to proof read the entire paper, as you have a bad command of English. English is not the language of long sentences/phrases.

## Abstract

The research question is not very clear highlighted.

PLS is more a tool to analyse data than a method. Structural Equation Modelling is probably the method!

## Intro

References should be cited chronologically!

"that mediation has a weaker direct effect on customer loyalty (" mediation of what? Mediation is not a construct!  
"herefore, there may be a direct/indirect relationship in the model" In which model? You do not have a model! You have not presented any model yet, so how can you speak of a model?

"Customer Loyalty in Southeast Asia. However, to the best of our knowledge, there are no studies that measure the effect of CSR Authenticity on Corporate Image, Corporate Credibility and Customer Loyalty in the Indonesian context. Therefore, this research was conducted to overcome this gap, with the findings expected to contribute vi" Ok. But why Indonesia? Why is Indonesia a benchmark worth of being studied? To what respect is Indonesia different from the rest of Asia. You need to clarify these aspects, otherwise your research might be representative for Indonesia ... and that is it! But not representative and relevant for the rest of the world.

"companies that have conducted social responsibilities " this idea has no logic! A company can not conduct social responsibilities. Strategies... actions ... is missing!

"a multi-dimensional variable" what is this? How can one variable be multi dimensional? Please explain!

"bout 11 (25%) of the 40 journals (2004-2016), use loyalty " which journals? Journals do not study anything! Journal publish papers! Please restructure these as it is not sound!

"arge, medium, small and micro businesses in Indonesia " how do you define such business? After which criteria can a company be considered small - medium - large - micro? Why are those businesses relevant for this paper? Please explain and give more arguments.

"through the erection of social responsibility programs are" wrong use of concepts. Buildings might be erect... but such programs not! Please use a professional proof reader!

The introduction is not proper constructed and has some major flaws:

1. you need to very clear state the research gap.
2. this research gap must be translated / transposed into a research question
3. the research question must be implemented in the paper and you have to describe briefly how it is transposed in the theoretical part and the empirical part of the paper.
4. you need to highlight what the originality of the paper is regarding the theory where the paper adds value
5. The last paragraph of the intro should describe the following sections of the paper.

"This study analyzed the model of stakeholder reactions on CSR activities in forming loyalty in accordance with social aspects. Specifically, this " this belongs to introduction as they are general remarks. You need to highlight the theory in the introduction and state how the theory enhances the paper. A longer description of the theory / theories could for example be implemented in the research methodology section!

"This study is expected to overcome the existing gap between Corporate Image, Corporate Credibility and Customer Loyalty using stakeholder theory and " this belongs to either introduction or to conclusions! Not here!

"Hypothesis 1: Perceived CSR Authenticity influences of Customer Loyalty" The hypo is not clear formulated! Please proof read!

## Research methodology

you need to start with the research question and explain how the RQ is implemented empirically, i.e. your model and what you want to test. It would be proper to also state something about research objectives, research context. Why have you chosen that particular industry, those cities, those products? You do not bring enough arguments in this respect. State something about data collection, research design, questionnaire development etc.

"dependent variables which were discovered to be latent variables using 39 indicators" which are the indicators? What do these indicators represent? Please give some arguments!

"ncluding genuine, means" what kind of constructs / items are "genuine" and "means"? It is not clear what they represent!

## Results

Tables: the comma in the table should be a point!

Conclusions need to be restructured in:

- a. implications for theory
- b. managerial implications
- c. limitations
- d. future research perspectives

References. Sometimes you have a space after the initial of the forename of an author but before the comma, sometimes not. Please have the same formatting!

It is not "Pp. ..." but "pp. ..."!!!

Sometimes you write Vol. xx sometimes "vol" is missing why?

Which formatting are you using? It is not Harvard nor APA. Please pay more attention to author guidelines!

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SRI GUNAWAN &lt;sgunawan@feb.unair.ac.id&gt;

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1 message

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Reply-To: Cogent Business and Management <business@cogentoa.com>  
To: Sri Gunawan <sgunawan@feb.unair.ac.id>

Mon, Mar 30, 2020 at 10:03 PM

Ref: COGENTBUSINESS-2019-0361R2  
198193820

Authenticity as a Corporate Social Responsibility Platform for Building Customer Loyalty  
Cogent Business & Management

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The reviews, included at the bottom of the letter, indicate that your manuscript could be suitable for publication following revision.

I am inviting you to make final changes according the reviewer's suggestions. I do not intend to send the revised paper back to reviewer again.

Please submit your revision by Apr 29, 2020, if you need additional time then please contact the Editorial Office.

To submit your revised manuscript please go to <https://rp.cogentoa.com/dashboard/> and log in. You will see an option to Revise alongside your submission record.

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We look forward to receiving your revised article.

Best wishes,

Gordon Liu, PhD

Editor

Cogent Business & Management

Comments from the Editors and Reviewers:

Title, Abstract and Introduction – overall evaluation  
Reviewer 6: Sound with minor or moderate revisions

Methodology / Materials and Methods – overall evaluation  
Reviewer 6: Sound with minor or moderate revisions



Objective / Hypothesis – overall evaluation  
Reviewer 6: Outstanding

Figures and Tables – overall evaluation  
Reviewer 6: Sound with minor or moderate revisions

Results / Data Analysis – overall evaluation  
Reviewer 6: Sound

Interpretation / Discussion – overall evaluation  
Reviewer 6: Sound

Conclusions – overall evaluation  
Reviewer 6: Sound

References – overall evaluation  
Reviewer 6: Outstanding

Compliance with Ethical Standards – overall evaluation  
Reviewer 6: Sound

Writing – overall evaluation  
Reviewer 6: Sound

Supplemental Information and Data – overall evaluation  
Reviewer 6: Not applicable

Comments to the author

Reviewer 6: Dear Authors,

Thank you for your paper. This is a very interesting research paper. I like your theoretical idea and practical results. I have some minor remarks that in my opinion should be implemented before final submission.

1. Develop Abstract a bit. Notice, that often this is one and only part of your paper that reader can access so consider adding more details of your results.
2. Develop better your research instrument. Consider adding the questions which you have asked to your responders directly in a text or as an appendix.
3. Explain better your variables. Nonetheless, I am pretty sure that when you will add a questionnaire's questions to the paper this point will be also clear.
4. There is some mess between your tables and descriptions. Reading I am not sure for which reason a table is placed right here, further I can find a short explanation but still I see that all as a mess. You must follow scientific papers' rigor. So, you must develop a background for a table, then place that table, and just below explain the data which are in this table according to your research objective or hypotheses. Especially see 5.1.1 and 5.1.2.

Title, Abstract and Introduction – overall evaluation  
Reviewer 7: Sound

Methodology / Materials and Methods – overall evaluation  
Reviewer 7: Sound

Objective / Hypothesis – overall evaluation  
Reviewer 7: Sound

Figures and Tables – overall evaluation  
Reviewer 7: Sound

Results / Data Analysis – overall evaluation  
Reviewer 7: Sound

Interpretation / Discussion – overall evaluation  
Reviewer 7: Sound

Conclusions – overall evaluation  
Reviewer 7: Sound

References – overall evaluation  
Reviewer 7: Sound

Compliance with Ethical Standards – overall evaluation

Reviewer 7: Sound

Writing – overall evaluation

Reviewer 7: Sound

Supplemental Information and Data – overall evaluation

Reviewer 7: Sound

Comments to the author

Reviewer 7: Congratulations

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SRI GUNAWAN &lt;sgunawan@feb.unair.ac.id&gt;

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**198193820 (Cogent Business & Management) Your submission has been accepted**

1 message

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**Cogent Business and Management** <em@editorialmanager.com>  
Reply-To: Cogent Business and Management <business@cogentoa.com>  
To: Sri Gunawan <sgunawan@feb.unair.ac.id>

Wed, May 20, 2020 at 11:52 PM

Ref: COGENTBUSINESS-2019-0361R3  
198193820

Authenticity as a Corporate Social Responsibility Platform for Building Customer Loyalty  
Cogent Business & Management

Dear Sri Gunawan,

I am pleased to tell you that your work was accepted for publication in Cogent Business & Management on May 20, 2020.

Please note: only minor, or typographical changes can be introduced during typesetting and proofing of your manuscript. Major changes to your manuscript will not be permitted.

For your information, comments from the Editor and Reviewers can be found below if available, and you will have an opportunity to make minor changes at proof stage.

Your article will be published under the Creative Commons Attribution license (CC-BY 4.0), ensuring that your work will be freely accessible by all. Your article will also be shareable and adaptable by anyone as long as the user gives appropriate credit, provides a link to the license, and indicates if changes were made.

Once the version of record (VoR) of your article has been published in Cogent Business & Management, please feel free to deposit a copy in your institutional repository.

Thank you for submitting your work to this journal, and we hope that you will consider us for your future submissions.

Best wishes

Gordon Liu, PhD  
Editor  
Cogent Business & Management

Comments from the Editors and Reviewers:

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In compliance with data protection regulations, you may request that we remove your personal registration details at any time. (Use the following URL: <https://www.editorialmanager.com/cogentbusiness/login.asp?a=r>). Please contact the publication office if you have any questions.

# Cogent Business & Management

## Authenticity as a Corporate Social Responsibility Platform for Building Customer Loyalty --Manuscript Draft--

<b>Full Title:</b>	Authenticity as a Corporate Social Responsibility Platform for Building Customer Loyalty
<b>Manuscript Number:</b>	COGENTBUSINESS-2019-0361R3
<b>Article Type:</b>	Research Article
<b>Section/Category:</b>	Management
<b>Keywords:</b>	CSR Authenticity, Customer Loyalty, Corporate Image, Corporate Credibility
<b>Manuscript Classifications:</b>	50.6.4 Business, Management and Accounting; 50.6.4.4.1 Corporate Social Responsibility; 50.6.4.8 Marketing; 50.6.4.8.2 Consumer Behaviour
<b>Abstract:</b>	<p>Consumers' views of corporate social responsibility (CSR) are still filled with mistrust and doubt. Especially in developing countries like Indonesia, consumers are wondering about the motivation behind CSR activities. It is argued that CSR activities that are authentic or sincere will lead to customer loyalty.</p> <p>This research aims to expand the line of studies based on CSR-loyalty, through the concept of sincerity motivating Corporate Social Responsibility activities. Therefore, field research was conducted to investigate whether CSR Authenticity affects Corporate Image, Corporate Credibility and Customer Loyalty among Indonesian consumers. The proposed model was examined using questionnaire with a data set of 257 valid responses. Statistical analysis was based on PLS-SEM approach with the use of Smart PLS 3.0. Findings showed that the hypothesis associated with the relationship between Corporate Image and Customer Loyalty was supported. The relationship between Corporate Credibility and Customer Loyalty was also supported; however, the relationship between CSR Authenticity and Customer Loyalty was not supported. Result further showed a mediating effect of Corporate Image and Corporate Credibility on the relationship between CSR Authenticity and Customer Loyalty. Finally, the findings of this study are used to advance managerial implications of CSR Authenticity as a strategic activities of companies in creating its customer loyalty.</p>
<b>Response to Reviewers:</b>	

## Authenticity as a Corporate Social Responsibility Platform for Building Customer Loyalty

<sup>1\*</sup>Sri Gunawan, <sup>2</sup>Sri Yunan Budiarsi, <sup>3</sup>Sri Hartini

<sup>1,3</sup> *Faculty of Economics & Business, Universitas Airlangga, Surabaya*

<sup>2</sup> *Faculty of Business, Widya Mandala Chatolic University, Surabaya*

[\\*sgunawan@feb.unair.ac.id](mailto:*sgunawan@feb.unair.ac.id). (Corresponding author)

### Abstract

Consumers' views of corporate social responsibility (CSR) are still filled with mistrust and doubt. Especially in developing countries like Indonesia, consumers are wondering about the motivation behind CSR activities. It is argued that CSR activities that are authentic or sincere will lead to customer loyalty.

This research aims to expand the line of studies based on CSR-loyalty, through the concept of sincerity motivating Corporate Social Responsibility activities. Therefore, field research was conducted to investigate whether CSR Authenticity affects Corporate Image, Corporate Credibility and Customer Loyalty among Indonesian consumers. The proposed model was examined using questionnaire with a data set of 257 valid responses. Statistical analysis was based on PLS-SEM approach with the use of Smart PLS 3.0. Findings showed that the hypothesis associated with the relationship between Corporate Image and Customer Loyalty was supported. The relationship between Corporate Credibility and Customer Loyalty was also supported; however, the relationship between CSR Authenticity and Customer Loyalty was not supported. Result further showed a mediating effect of Corporate Image and Corporate Credibility on the relationship between CSR Authenticity and Customer Loyalty. Finally, the findings of this study are used to advance managerial implications of CSR Authenticity as a strategic activities of companies in creating its customer loyalty.

**Keywords:** CSR Authenticity, Customer Loyalty, Corporate Image, Corporate Credibility

### 1. Introduction

The numerous cases and problems that arise in the community have propelled the actions of Corporate Social Responsibility (CSR) to be subjected to cynicism, skepticism and distrust (Debeljak et al., 2011; Porter and Kramer, 2011). Moreover, the fact that increased awareness of it is not being accompanied by an elevation of public trust is paradoxical. Therefore, a company's motivation towards its activities becomes important for the stakeholders, because, in line with its fundamental mission, a CSR program ought to be purely for the advantage of the community and not for personal interests alone. Corporate behavior is often not in accordance with the standard of social responsibility. According to Wagner et al. (2009), Corporate Hypocrisy represents the inconsistency between a company's statements and its reality, which tends to affect consumers' perceptions directly and indirectly. The difference between CSR statements and practices has an impact on the company's image (Wagner et al., 2009). In consequence, research is needed to determine companies' actions in order to mitigate negative perceptions, in the form of suspicion, and skepticism from consumers. Furthermore, through CSR Authenticity, consumers mistrust is reduced. It encompasses the development of concepts capable of explaining the characteristics of Corporate Social Responsibilities, thereby, leading to stakeholders' genuine perceptions (Mazutis and Slawinski, 2015). Hence, consumers are expected to assess the company's social performance positively. Conversely, the results of related studies increased in number between the 2000s and 2010s, yet it seems there has been a conceptual shift from financial to non-financial, social and organizational outcomes, showing a broader attentiveness to the role of companies in society (Wang et al., 2016).

Previous research on the direct effect between CSR and Loyalty shows inconclusive results. Some previous studies have stated that CSR has the ability to affect loyalty (Maignan et al., 1999; Martinez and Bosque, 2013; Kim and Kim, 2016). However, several empirical studies also indicate insignificant relationships between CSR and Customer Loyalty (Maignan and Ferrell, 2001; O'Brien et al., 2015; Salmones et al., 2005). Moreover, CSR-Loyalty-based research using mediation (indirect) concludes that the direct effect of CSR on Loyalty is weaker than the indirect effect. (Martinez and Bosque, 2013; Martinez et al., 2014). Based on the results of the previous empirical research, there is a huge opportunity for the formation of mediation relationships. Accordingly, it might predict a direct/indirect relationship in the context of CSR-Loyalty studies. However, despite the tremendous amount of literature on the relationship between CSR and Loyalty, research still needs to be conducted on its authenticity because it is generally associated with the brand concept (Alhouti et al., 2016). Brammer et al. (2012) stated that CSR research differs from one region to another. However, to the best of our knowledge, there are no studies that measure the effect of CSR Authenticity on Corporate Image, Corporate Credibility and Customer Loyalty in the Indonesian context. This becomes substantial because 60% of the world's population resides in Asia. Indonesian residents account for the third largest population in Asia after China and India, and rank fourth in the world in number (worldometer, 2020). The Indonesian population consists of various ethnicities, religions, races and cultures. It consists of both natives and immigrants from other countries such as China, India, Arabia, Japan, South Korea, etc. It can be stated that the Indonesia's population is a representation of various consumer behaviors in developing countries, especially in Asia. This study was held in order to diminish skeptical thoughts and inconsistent results from many studies related to CSR-Loyalty. This research was conducted to overcome this gap. The findings are expected to contribute some insights for companies that carry out CSR activities to improve their Corporate Image, Credibility and Customer Loyalty.

Companies that have conducted social responsibility activities are not necessarily perceived as responsible, as the sincerity of the motivation behind its implementation is a major concern for consumers. It is necessary to consider social responsibility activities from companies with credibility and a good image, in order to remove public doubts, as both variables are adopted in the model because of their important influence in creating loyalty. This is also emphasized by Schramm-Klein et al. (2016), illustrating the limited understanding of the relationship between the perceptions of consumer CSR activities and the credibility of corporate social behavior. Moreover, image is the consumer perception that results from a various knowledge, experiences and information about a variety of company activities. Image can trigger emotional reactions in the minds of consumers (Sen and Bhattacharya, 2001). Social responsibility plays a unique role among consumers, owing to the corporate values, and characters observed through its activities (Du, et al., 2007).

The ultimate goal of a company's marketing activities is to initiate an action (e.g. purchase, loyalty) from consumers. However, about 11 (25%) of the 40 articles (2004-2016), use Loyalty as the dependent variable. Furthermore, 8 (almost 45%) out of the 18 summarized journal articles (2007-2013), studied by Perez and Bosque (2015b), showed the same outcomes. This, therefore, shows the importance of loyalty in consumer-based CSR research, alongside the increasing choice for products/services from various companies, which makes it easier for clients to move from one to another; thus, maintaining consumers is crucial. Furthermore, one of the criteria for the long-term success of an establishment is not the amount of one-time purchases, but the number of regular buyers (Odin et al., 2001). Previous studies conducted by Alhouti et al. (2016), show an important relationship between loyalty and the authenticity of CSR activities. Therefore, the variable of Consumer Loyalty is taken as the target of this study, which encompasses the impact of a company's persuasive efforts through authentic CSR.

Indonesia is termed an archipelago country with a population of approximately 267 million people (databoks, 2019). In 2018, its GDP ranked 16th in the World's Largest Economies (Ceoworld Magazine, 2019), with continuous growth in its economy and industry. Along with the industrial development, CSR activities are expected to have the potential to and take on the role of providing positive effects on the Indonesian community's social environment. The government mandates the accessibility of safe drinking water and sanitation for all in the medium-term national development plan. Therefore, its synergy with the business world, through the establishment of social responsibility programs is widely needed (Jawa Pos, 2016). Furthermore, as the object of study, Danone-Aqua, a producer of goods with bottled drinking water as its main category, was chosen, due to its consistent implementation of CSR, as well as the acquisition of awards from the Ministry of Environment and Forestry in 2017 (Wartabromo.com, 2017). In addition, through the Aqua Sustainable program, they have been committed to focusing on water issues in the social environment and society. Established in 1973, they are well-known to the people, although, they are now made up of a combination of several companies, later in 1998, became Danone-Aqua (Danone-Aqua, 2017). There are approximately 500 large and small-scale bottled water companies (Tempo.Co, 2018), with varying segments and prices such as Danone-Aqua, Le Minerale, Club, 2 Tang, Oasis, Super O2, Prima, Nestle, Cleo etc. Due to the continuous increase in needs and demands for drinking water, new companies continue to spring up and grow. However, maintaining Consumer Loyalty in accordance with this industry is important.

According to a survey by Clutch consultant, some consumers remained skeptical of these companies' social support (csrcenterindonesia.co.id, 2019). The existence of skeptical views is also necessary to facilitate the study focus on social benefits, which does not emphasize only financial, but also social performance. Indonesia is a country with great economic potential. As a developing country with a large population, its water consumption rate is relatively high, accompanied by many brands in the industry. Therefore, the result of this research are expected to be generalized to other countries of similar types and with similar cultures. Conversely, as a multicultural country, mainly consisting of millennials with middle income, consumers' attitudes tend to differ from those obtained in other countries. Hence, the results may not be the same when applied to developed countries with different cultures, attitudes, and levels of knowledge on CSR.

The originality and value of this study are that CSR Authenticity is a variable that allows competitive differentiation of the company. Through the integration of Stakeholder Theory and Affect Theory of Social Exchange, CSR Authenticity can become both a strategic and ethical variable. This study analyses the model of stakeholder reactions to CSR activities in forming loyalty in accordance with social aspects. Specifically, this study examines the effect of CSR Authenticity on Indonesian consumer behavior, with Corporate Image and Corporate Credibility in the model flow/linkage.

## **2. Literature Review and Hypotheses**

### **2.1. Stakeholder Theory and The Affect Theory of Social Exchange**

This research uses Stakeholder Theory (Freeman, 1984) and also the Affect Theory of Social Exchange (Lawler, 2001) to predict this Authenticity, in anticipation of Loyalty. Moreover, the Stakeholder approach is very important in investigating management issues, such as CSR (Key et al., 2004). The social problem in this context, concerned more with emotions, is explained by the Affect Theory. Meanwhile, a company is responsible for its shareholders and for all parties, including the community and the environment, therefore, it is the core of the Stakeholder Theory. Furthermore, through various activities, a company positively impacts on

the environment, and vice versa. CSR activities humanize the company and strengthen the relationship between both parties. In addition, as social problems are related to feelings; consumers who are emotionally connected, thus, provide a positive response. Hence, Affect Theory explains the affection and social exchange between both parties, stating that emotions are not only a form of response to stimuli but also an incentive to give rise to other responses.

According to consumers, Corporate Image tends to have a direct positive effect on evaluating Loyalty (Chaudhuri and Holbrook, 2001). Companies that are morally committed to conducting CSR in accordance with social goals affect consumers positively in terms of shaping the perception of corporate image and stimulate them to be loyal. Furthermore, when consumers think that the company has a shared social responsibility, they tend to be loyal in return. Corporate Credibility is explained as a form of company expertise and trustworthiness (Newell and Goldsmith, 2001) which consumers perceive when developing CSR activities. Companies able to carry out activities without inconsistencies are assessed as credible. Furthermore, consumer perceptions of the company's credibility are important for developing loyalty.

## 2.2. CSR Authenticity (CSRA)

Mazutis and Slawinski (2015) conceptually explored the relationship between social responsibility and Authenticity, through the development of a framework, in order to explain its characteristics, and to direct stakeholders to a perception that the company's efforts are genuine. Furthermore, they also defined it as a simultaneous statement of distinctiveness and connectedness in the social context of the organization. Therefore, the level of genuineness of the motivation behind the company is measurable through two core dimensions, (1) distinctiveness, which is the extent of harmony between CSR activities and the company's mission, vision and core values. It refers to being committed and consistent in its conduction. It is internally oriented; (2) social connectedness, which is the externally oriented degree to which the organization's efforts are attached to a broader social context. It consider the needs of the community. Hence, the definition of CSR Authenticity, according to Alhouti et al. (2016), is the perception of genuine socially responsible activities, which are expressions of the truth of beliefs and behavior of the company within society, where what is carried out exceeds the requirements by law. Furthermore, referring to Mazutis and Slawinski (2015) and Alhouti et al. (2016), it is defined as the consumers' subjective evaluations of the genuineness or sincerity of CSR motives and activities, based on the company's core business values and social needs of the community.

## 2.3. Customer Loyalty (CL)

When a company's CSR motive is centered on the benefit of the general public, in contrast to its personal interests, consumers tend to be more emotionally affected (Chun and Bang, 2016). Moreover, Alhouti et al. (2016) also put forward the assumption of a positive reaction to those organizations undertaking social responsibilities authentically; specifying that the perceptions are not limited to buying or transactional benefits, but also long-term loyalty of supportive behavior or relational benefits (Du et al., 2007). Shih-I (2011) summarizes the concept of Loyalty as a feeling or sensitivity of consumers in identifying with a company. Moreover, this study follows previous reports that stipulate consumers' positive response to companies carrying out CSR activities in a genuine and sincere manner. The support from Stakeholder Theory influences consumer behavior, through strategies, policies, programs and authentic activities. It portrays a moral commitment to the environment. Furthermore, this research attempts to explain the positive perception towards moral commitment in accordance with the Affect Theory of Social Exchange. Therefore, it provides genuine social activities in the form of shared company-consumers' responsibilities, with long-term emotional relationships through loyalty.



The research conducted by Alhouthi et al. (2016) reported a positive direct relationship between the corporate level of genuineness or sincerity and the interest in buying, as well as loyalty. From the explanations, the first hypothesis is formulated. **Hypothesis 1:** Perceived CSR Authenticity directly and positively influences the Customer Loyalty for Danone-Aqua Company in Indonesia.

#### 2.4. Corporate Image (CI)

The perception of CSR Authenticity is a multidimensional construct, which involves highly subjective evaluation. Therefore, an understanding of the various relationships with other variables is needed. In addition to Customer Loyalty, two other constructs—Corporate Image and Corporate Credibility—are selected for testing. Corporate Image, which involves a consumer's subjective perceptions of the company and its activities (Nguyen and Leblanc, 1998; Chiu and Hsu, 2010). Hence, if assessed there is a possibility of triggering cognitive and affective processes that affect the image observed. Therefore, Corporate Image is a combination of consumer experience, feelings, thoughts and knowledge about the organization. These intangible assets can be created through CSR strategies, in accordance with the Resource-Based View theory (Gardberg and Fombrun, 2006), which becomes very dangerous if the program is negative (Vlachos et al., 2009). In contrast, implementing high standards elevates the company's overall image, combining that of CSR and management activities.

There is little previous empirical research showing the effect of social responsibility Authenticity on Corporate Image, with reference to the study by Martinez et al. (2014) and Plewa et al. (2015) that reported the ability of CSR to increase brand and firm image. Consumers who consider a company's activities to be positive are capable of triggering the process of meaning and influence transfer of image formation (Nan and Heo, 2007). Based on Affect Theory, it is explained that authentic activities influence the perception and feelings about the morality of a company. The Stakeholder Theory suggests the possibility of consumer opinion being influenced by the organization, through the persuasive power of genuine CSR activities, in order to shape a positive corporate image. Therefore, a better perception of genuineness is capable of increasing the discerned image of the company. Thus, **Hypothesis 2** is formulated: Perceived CSR Authenticity directly and positively influences the Corporate Image of Danone-Aqua Company in Indonesia.

A study by Chaudhuri and Holbrook (2001) provided empirical evidence that building Corporate Image promotes Customer Loyalty. Therefore, the mental image of the overall impression of a company, developed by consumers as stakeholders is referred to as the Corporate Image (Hatch and Schultz, 2003). Plewa et al. (2015) reported that both CSR and Firm Image are positively and directly related to Cognitive Loyalty, which is based on the rational consideration of information in determining values, and Affective Loyalty, emerging from emotional responses occurring in instances where the perceived performance is greater than what was expected. Furthermore, Chun and Bang (2016) believed that Corporate and Brand aspects refer to the same thing in the consumers' memory, and the latter confers a positive effect on Loyalty. In addition, Stakeholder Theory describes that a positive mental picture of the entire company affects customer behavior. Meanwhile, the Affect Theory of Social Exchange explains that a good Corporate Image is capable of increasing interaction and is also a source of positive consumer emotions, which further encourages cohesion and commitment, in the form of efforts to maintain relationships. Hence, it is concluded that a better image promotes the devotion of customers; thus, **Hypothesis 3** is formulated accordingly: Perceived Corporate Image directly and positively influences Customer Loyalty for Danone-Aqua Company in Indonesia.

## 2.5. Corporate Credibility (CC)

When consumers are familiar with an organization, perceptions are developed about their credibility (Goldsmith et al., 2000). Therefore, Corporate Credibility is the extent to which consumers feel the companies have knowledge; and ability to be consistent with its statements, as well as their conviction to tell the truth (Newell and Goldsmith, 2001). Moreover, credibility can be evaluated based on rationality or emotions. The cognitive aspect is related to positive evaluation, and the affective aspect is associated with negative evaluations. Therefore, it is necessary for a company to identify a way to remediate existing undesirable mindsets with something more positive, in order to increase its credibility. This is especially important to consider in the context of CSR research, where perceptions are overwhelmed with skepticism and disbelief, and its assessment is commonly directed towards more affective aspects. Hence, to increase this quality, companies must identify a way for the emotions currently causing negative reviews, and make them more positive (Maathuis et al., 2004). Sincerity and truthfulness of CSR motivation is a measure offered to alter this, especially with the perception of altruistic, extrinsic or ethical motivation, then credibility, as indicated by Attribution Theory is obtained (Perez and Bosque, 2013a). In addition, the emergence of suspicion and distrust of these activities are frequently due to differences in the expectations of both parties (Trimble and Rifon, 2006). Hence, it is possible for credibility to function as a tool for consumers to assess and eliminate doubts about social responsibility.

There are not many empirical studies concerned with the relationship between perceptions of authentic CSR activities and that of corporate social behavior credibility with consumer behavior. Hence, to provide an overview, previous related studies were adopted. Hur et al. (2014) studied a sample of consumers in South Korea, and found direct positive effect of CSR on Corporate Brand Credibility, while Othmani et al. (2016) proposed the positive influence of the perception of product authenticity. Furthermore, Schallehn et al. (2014) and Eggers et al. (2013) stipulated the authenticity of brands as a potential pillar for creating trust. Meanwhile, research conducted by Perez and Bosque (2015a) reported its significant correlation with the perceived motivation of a company, while Walker and Kent (2013) conducted a study on Awareness of Philanthropy, and discovered a substantially optimistic relationship. Therefore, the Affect Theory of Social Exchange incorporates emotions and cognition in the trade networks, where two aspects exist in the Credibility attributes; these are, Trustworthiness and Expertise. However, Stakeholder Theory explains pure and sincere CSR activities and strategies to be rational mechanisms, and choices made by the companies and consumers to conduct interactions. An enhanced positive perception of authenticity may lead to a more progressive insight of credibility. Thus, **Hypothesis 4** is formulated: Perceived CSR Authenticity directly and positively influences the Corporate Credibility of Danone-Aqua Company in Indonesia.

Consumers often use credibility as a tool to assess and minimize initial suspicions about corporate social responsibility (Trimble and Rifon, 2006; Lafferty and Goldsmith, 2005) because their perception of credibility in carrying out these activities and management is capable of increasing the positive perception of Corporate Image. Moreover, research by Perez and Bosque (2013b, 2015a) showed the empirical evidence of the positive and significant effects of Corporate Credibility/Image. Alcaniz et al. (2010) stated that Trustworthiness and Expertise act as mediators in shaping CSR. Therefore, the Affect Theory of Social Exchange describes emotions as the basis of cognitive assessment. Therefore, emotions have an impact on credibility, which in its turn affects Corporate Image. In addition, Stakeholder Theory explains how companies influence the evaluation of cognition and affection, through the credibility of perceptions about them, in an attempt to improve their image. Based on the description above, higher credibility is expected to improve a company's image in the eyes of consumers. Thus, **Hypothesis 5** is formulated: Perceived Corporate Credibility directly and positively influences the Corporate Image of Danone-Aqua Company in Indonesia.

Furthermore, empirical evidence that suggests the effect of Corporate Credibility on Customer Loyalty is found in the studies of Kim et al. (2014) and Alam et al. (2012). While analyzing the conceptual framework from Inoue and Kent (2014), Stakeholder Theory points out the influence of high Corporate Credibility on consumer perceptions towards behavior. Hence, companies need to increase this, in order to obtain devotion. Meanwhile, the Affect Theory of Social Exchange states that Trustworthiness and Expertise are associated with the emotional and rational components respectively. Consequently, both are evaluated affectively and cognitively. This approach identifies where rational and non-rational aspects are interrelated in the exchange process, possessing implications for the close relationship between consumers and the company. Hence, enhanced credibility leads to the emergence of more loyal customers. Thus, **Hypothesis 6** is formulated: Perceived Corporate Credibility directly and positively influences Customer Loyalty for Danone-Aqua Company in Indonesia.

### 3. Conceptual Model

Some relationships were discussed in the literature review above, connecting the constructs of CSR Authenticity, which is a determining construct for Corporate Image, and Credibility, which are potential mediator variables towards Customer Loyalty. Therefore, CSR Authenticity is defined as a determinant construct for the other variables.

Figure 1 illustrates the relationship between the constructs in the model to evaluate the impact of CSR Authenticity in this study.

**Framework and Model to Evaluate the Effects of CSR Authenticity**

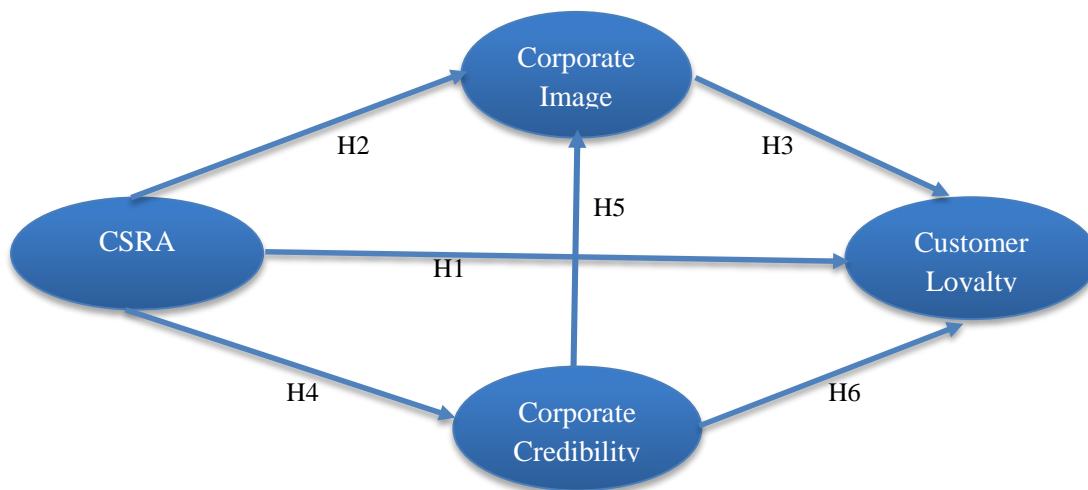


Figure 1. Conceptual Model

### 4. Research Approach and Methods

The research question in this study is to investigate whether CSR Authenticity can be used to predict Corporate Image, Corporate Credibility and Customer Loyalty on Indonesian consumers. Six hypotheses were tested using

the SEM-PLS method by applying the conceptual framework from Figure 1. The aim of this study is to comprehend company pro social actions, in the form of CSR Authenticity as Customer Loyalty determinants with Corporate Image and Corporate Credibility as constructs for mediators in the model. Nowadays consumers choose their drinking water product not only in order to fulfill basic needs but also for health reasons. Danone-Aqua company was chosen, not only due to its popularity among the Indonesians, but also due to its continuous CSR activities. The chosen research area was Java because it is the most populated island in Indonesia and it has a large consumption of mineral water. The three largest capital cities of Java were chosen because they are the center of business and government.

#### 4.1. Sampling

Research respondents for this study were consumers of bottled drinking water in Indonesia, mostly in Java, where the largest consumption occurs, specifically from three capital cities, namely, Jakarta, Semarang and Surabaya. Meanwhile, purposive sampling was the non-probability technique used because it is based on certain criteria for the population, which are in line with the research objectives. In addition, screening was conducted by decision-makers, in the purchase of Danone-Aqua bottled water, and those who were knowledgeable about the company's CSR activities. Furthermore, 257 respondents were finally obtained after going through several stages. Subsequently, a structured questionnaire, designed to collect the data needed to test the conceptual model, was filled. The demographics indicated the sample used consisted of 179 women and 78 men, ranging from 18 to over 55 years old; 45.90% of them 18 to 25 years old and 28.04% of them were 25 to 35 years old. The percentage educated to junior high school and post graduate diploma/bachelor level was 56.03%. The sample consisted of students, civil servants, entrepreneurs, housewives, and private employees as the majority at 40.6%. Furthermore, the income/allowance of the sample started from less than 3 million to over 30 million rupiah per month, with the majority of the respondents earning between 3 and 10 million rupiah (47.08%).

SEM was utilized in this research due to its ability to test and predict the model by using several mediating and dependent variables which were discovered to be latent variables using 29 items. In addition, PLS-SEM was used to test the predictive oriented relationship between constructs. The program has the ability to estimate all coefficients as well as the indirect effect and bootstrapping in a single run. PLS has also been extensively used in the field of marketing, especially in relation to consumer perception (Hair *et al.*, 2014). Therefore, this study aimed to develop the concept of CSR Authenticity as a key driver construct.

#### 4.2. Measurement

Items from previous studies were used to measure variables in the model, applying the criteria of a 5-point Likert scale, starting with 1 (strongly disagree) to 5 (strongly agree). This study adopted CSR Authenticity (CSRA) scale developed by Alhouthi *et al.* (2016). This study also used Plewa *et al.* (2015) a 5 items Corporate Image (CI) scale. A scale of 6 items from Newell and Goldsmith (2001) was used to measure Corporate Credibility (CC). This study used 9 items scale to measure Corporate Loyalty, it adapted a 6 items scale developed by Alam *et al.* (2012), 1 item scale developed by Yeh (2015) as well 2 items developed by Alhouthi *et al.* (2016) Appendix presents all of the scales.

Face Validity of the measures were assessed a pre-test taken by 40 respondents. Content Validity was assessed through the judgment of a panel consisting of seven competent marketing experts.

### 4.3. Validity and Reliability

SmartPLS 3.0 was used for the partial least squares analysis of this study's measurement model and structural model. If the outer statistical test reveals a factor loading value over 0.50, it suggests the indicator meets the criteria (Hair et al., 2014: 103). The calculation results for values between 0.549 and 0.848 showed significant T statistics because they were all over 1.96 because all of the constructs in the conceptual model were significant and valid for use in the statistical analysis.

The reliability for measuring internal consistency was calculated using Cronbach's Alpha and Composite Reliability, and the test result shows a value between 0.854 and 0.928, which is in accordance with the criteria level ( $> 0.70$ ); values between 0.887 and 0.940  $> 0.70$  (Hair et al., 2014: 102) are reliable indicators.

## 5. Results

This section starts with a discussion of the measurement model, through the test of convergent and discriminant validities.

### 5.1. Measurement Model

#### 5.1.1. Convergent Validity

To assessed Convergent validity, Average Variance Extracted (AVE) was calculated. Table 1 provides the result of AVE of the constructs. Following Hair et.al (2014) criteria of AVE above 0.5, it can be concluded that there was sufficient evidence to conclude that convergent validity was achieved.

Table 1. AVE

	<b>AVE</b>	<b>T Statistics ( O/STDEV )</b>	<b>P Values</b>
<b>CC</b>	0.648	23.589	0.000
<b>CI</b>	0.645	24.128	0.000
<b>CL</b>	0.638	22.162	0.000
<b>CSRA</b>	0.498	17.992	0.000

Source : PLS-Bootstrapping, AVE

### 5.1.2. Discriminant Validity

Discriminant validity was assessed using Cross loadings and Fornell-Larcker Criterion (Hair et al., 2014). The result of cross loading Table 2 provides Cross Loading of the constructs, while table 3 provides the matrix of Fornell-Larcker criterion which displays AVE and correlation among constructs. From table 2, it can be seen that outer loading values for all the items are above 0.700 with no cross loading from foreign items. Finally, Based on the Fornell-Larcker Criterion as indicated in Table 3, it can be concluded that no discriminant validity issues exist.

Table 2. Cross Loading

	<b>CC</b>	<b>CI</b>	<b>CL</b>	<b>CSRA</b>
<b>CC1</b>	0.805	0.604	0.509	0.522
<b>CC2</b>	0.804	0.575	0.435	0.555
<b>CC3</b>	0.778	0.584	0.431	0.562
<b>CC5</b>	0.782	0.599	0.569	0.537
<b>CC6</b>	0.847	0.635	0.620	0.573
<b>CC7</b>	0.810	0.606	0.618	0.600
<b>CI1</b>	0.624	0.809	0.485	0.616
<b>CI2</b>	0.571	0.785	0.448	0.596
<b>CI3</b>	0.565	0.815	0.428	0.648
<b>CI4</b>	0.596	0.793	0.545	0.583
<b>CI5</b>	0.638	0.819	0.560	0.617
<b>CI6</b>	0.601	0.798	0.470	0.588
<b>CL1</b>	0.664	0.635	0.814	0.556
<b>CL2</b>	0.577	0.509	0.809	0.476
<b>CL3</b>	0.600	0.512	0.843	0.464
<b>CL4</b>	0.341	0.346	0.719	0.404
<b>CL5</b>	0.540	0.507	0.841	0.418
<b>CL6</b>	0.522	0.495	0.848	0.422
<b>CL7</b>	0.306	0.323	0.621	0.386
<b>CL8</b>	0.569	0.522	0.846	0.496
<b>CL9</b>	0.515	0.441	0.817	0.465
<b>CSRA1</b>	0.443	0.490	0.379	0.691
<b>CSRA2</b>	0.466	0.548	0.352	0.743
<b>CSRA3</b>	0.476	0.575	0.305	0.724
<b>CSRA4</b>	0.486	0.584	0.365	0.774
<b>CSRA5</b>	0.397	0.422	0.409	0.614
<b>CSRA6</b>	0.333	0.358	0.395	0.549
<b>CSRA7</b>	0.638	0.628	0.526	0.771
<b>CSRA8</b>	0.595	0.600	0.476	0.745

Table 3. Fornell-Larcker Criterion

Fornell-Larcker Criterion				
	<b>CC</b>	<b>CI</b>	<b>CL</b>	<b>CSRA</b>
<b>CC</b>	0.805			
<b>CI</b>	0.747	0.803		
<b>CL</b>	0.664	0.612	0.799	
<b>CSRA</b>	0.694	0.757	0.573	0.705

## 5.2. Structural Model

The standards used to assess structural models were by evaluating the significance of path coefficients, level of  $R^2$  values, and predictive relevance  $Q^2$ . Meanwhile, according to Hair et al. (2010), T-test analysis plays an important role in evaluating if the relationship between constructs in a model are significant or not. Therefore, the results of hypothesis assay are seen from the evaluation of the inner (structural) model of the path coefficient in Table 4.

Table 4. Path Coefficients and Hypothesis Testing

<b>Path</b>	<b>Coefficients</b>	<b>T Statistics</b>	<b>P Values</b>	<b>Significance</b>	<b>Hypothesis Testing</b>
<b>CSRA -&gt; CL</b>	0.128	1.401	0.162	Not significant	H1 rejected
<b>CSRA -&gt; CI</b>	0.460	8.569	0.000	Significant	H2 accepted
<b>CI -&gt; CL</b>	0.193	2.339	0.020	Significant	H3 accepted
<b>CSRA -&gt; CC</b>	0.694	20.213	0.000	Significant	H4 accepted
<b>CC -&gt; CI</b>	0.428	7.232	0.000	Significant	H5 accepted
<b>CC -&gt; CL</b>	0.432	5.266	0.002	Significant	H6 accepted

Source: PLS-Boostrapping Complete-Path Coefficients

### 5.2.1. Path Coefficients and Assessment of hypotheses

Path coefficients determine the strength and direction of each relationship (Hair et al., 2010). Moreover, analysed through the inner model, the strongest direct effect (a strong predictor), shown by the most significant value, to the smallest direct effect were sequentially as follows: the effect of CSR Authenticity on Corporate Credibility, and Corporate Image, as well as the influence of Corporate Credibility on Customer Loyalty, and Corporate Image, whose effect on Customer Loyalty was also assessed, while the non-significant effects were CSRA on Customer Loyalty.

As seen in Table 4, hypothesis testing, conducted using PLS SEM, indicates Hypothesis 1 was not accepted because the T Statistic was  $<1.96$ . Therefore, there is no relationship between the CSR Authenticity variables and Customer Loyalty. However, Hypotheses 2 to 6, which indicate the path relationship between variables in the model, were accepted because the T Statistics were greater than 1.96, in the positive direction. Therefore, Hypotheses 2, 3, 4, 5, and 6 were accepted and it is concluded that CSR Authenticity has an influence on Corporate Image, Corporate Image has an influence on Customer Loyalty, CSR Authenticity has an influence on Corporate Credibility and Corporate Credibility has an influence on Customer Loyalty.

Based on the calculation of its overall mean value, respondents provided answers in the agreed criteria. This is, however, in contrast to the results of the analysis which shows that CSR Authenticity has no effect on Customer Loyalty. To confirm this, a post hoc mediation analysis was conducted based on previous empirical studies. Table 6, shows that the mediation analysis in PLS Program version 3.0, as well as the relationship between CSRA-> CC-> CL and CSRA-> CI-> CL, is significant because it produced a T statistics value greater than 1.96.

Table 5. Specific Indirect Effect

	Original Sample (O)	T Statistics ( O/STDEV )	P Values
CSRA -> CC -> CL	0.300	5.185	0.000
CSRA -> CI -> CL	0.089	2.309	0.021

Source : PLS Bootstrapping Complete-Specific Indirect Effect

When the PLS analysis results between the direct and indirect effect (Tables 4, and 5) are compared, the path of CSRA - CL is insignificant. Therefore, the path relationship between CSR Authenticity - Customer Loyalty variables is improved through the mediation variable of Corporate Credibility and Customer Image. According to Baron and Kenny (1986), there are 4 mediation steps, namely: Step 1, Path c; Step 2, Path a; Step 3, Path b and Step 4, Path c'. This study adopted Kenny et al.'s (1998) research, which stated that most contemporary analysts believed that Steps 2 and 3 were the most important, with Step 4 needed when the expectation was complete mediation. Most analysts stated that Step 1 was not necessary, due to its low power. However, the path from the initial to the final variable is implied when Steps 2 and 3 are met. According to Rucker *et al.* (2011), the significance of indirect effects is detected even though Path c (Total effect) and Path c' (direct effect) are not statistically significant. Therefore, the stages in establishing mediation are 2 and 3 (Kenny et al., 1998; Rucker et al., 2011). This means that when the CSRA -> CC and CC-> CL pathway is significantly positive, then Corporate Credibility (CC) tends to mediate the relationship between CSRA and CL. Furthermore, when the CSRA -> CI and CI-> CL pathway is significantly positive, then Corporate Image (CI) also tends to mediate the relationship between CSRA and CL. In addition, the results of the analysis of this study also showed that Corporate Credibility (0.300) had a greater mediating effect than image (0.089) in the indirect relationship between CSR Authenticity and Customer Loyalty.

### 5.2.2. R Squares and Q Squares

The main purpose of PLS-SEM was to predict measurement quality, while structural models focused on indices of their predictive ability, which is seen among others, based on the R square, whose value, however, represents the amount of variance explained from the endogenous construct in the structural model. Generally, 0.25, 0.50 and 0.75, means weak, medium and substantial respectively (Hair et al., 2014: 175), and the calculation results are seen in Table 7. Furthermore, the coefficient of its determination is 0.478, which is in the medium category for the endogenous latent variable of Customer Loyalty, where the three others, including CSR Authenticity, Corporate Image and Corporate Credibility, account for 47.8% of its variance. Meanwhile, the R<sup>2</sup> value is 0.668, within the medium category for endogenous variables of Corporate Image, thus, CSR Authenticity and Corporate Credibility together explain 66.8% of this variance. In conclusion, the R<sup>2</sup> value is 0.482, which is within the medium category for the endogenous variable of Corporate Credibility, meaning that CSRA explains



48.2% of the variance of Corporate Credibility, and all values in the endogenous variable show T statistics to be > 1.96; hence, it significantly contributes to predictions.

To assess the accuracy of predictions, the Relevance  $Q^2$  predictive, a measure of prognostic power models (Hair et al., 2014: 178), was calculated. Meanwhile, a value greater than 0 indicates the exogenous constructs' predictive relevance for the endogenous. Furthermore, it is possible to obtain  $Q^2$  (The Stone-Geisser's) from the blindfolding process, also presented in Table 6.

Table 6. R Squares & Q Squares

Variable	$R^2$			$Q^2$
	Original Sample	T Statistics	P Values	
CC	0.482	10.080	0.000	0.289
CI	0.668	16.792	0.000	0.399
CL	0.478	9.992	0.000	0.273

Source: PLS Bootstrapping Complete  $R^2$  & PLS Blindfolding  $Q^2$

All three endogenous variables CC, CI and CL indicate  $Q^2 > 0$ , therefore supporting the predictive relevance models. Hence, it is possible to conclude that the exogenous construct of CSRA possesses predictive relevance for each construct of Customer Loyalty, Corporate Credibility and Image.

## 6. Discussion

The results of this study show that the perception of CSR Authenticity does not have a significant effect on Customer Loyalty, although there is a conceptual relationship between both. Moreover, consumers behave positively in companies that possess motivation, and positively conduct social activities. However, not all the empirical analysis supports this statement, and previous research also reported inconclusive results. The findings are possibly caused by several reasons. The CSR-Loyalty studies took two positions, encompassing the first argument that CSR has a direct effect on Loyalty because consumers generally respond positively to companies that are socially responsible. This is supported in part by Kim (2016) and Maignan et al. (1999). Some others (Maignan and Ferrell, 2001; O'Brien et al., 2015; Salmones et al., 2005) illustrated insignificant results, which are in line with the findings of this research. Meanwhile, the second position argues CSR is a multidimensional and complex construct, which not all consumers consider in making buying decisions. Therefore, its mechanical deliberation by customers is consequently doubtful when making consumption choices or establishing relationships with companies (Bhattacharya and Sen, 2003). In the second place, not all consumers care or get involved in social responsibility, especially in developing countries like Indonesia, where understanding is highly limited. Likewise, price and quality remain a major consideration in their purchasing decision. Furthermore, CSR factors not always included because the respondents were mostly aged 18-25 years old (45.90%) and >25-35 years old (28.04%) which have skepticism towards CSR activities (Bachdar, 2018). Company statements are often incompatible with reality which raises the perception of Corporate Hypocrisy. CSR Authenticity is therefore required, due to its ability to influence all the skeptical consumers. In any case, consumers tend to be suspicious that a company possess ulterior motives when it performs lots of social messages (Du et al., 2010). Because of that they find it difficult to be loyal. In connection with the results of the analysis, it is assumed that complex purchases allow indications of other mediating variables that influence Loyalty. Carroll and Sabhana (2010) stated that the correlation between CSR and performance ought to include mediation variables because of their complexity in the research. Research showing indirect effects on Loyalty

includes that conducted by Salmones et al. (2005), and Martinez and Bosque (2013), which show that a model without mediation is worse than one with mediation (Martinez and Bosque, 2013; Martinez et al., 2014). This supports this study, where the direct relationship was not significant, but through the mediation of Corporate Image and Credibility, the results became significant. Mohr and Webb (2005) stated that the influence of CSR on consumers' buying interest is complex, because CSR affects buying interest indirectly or directly. Indirect effects occur in a context where buying interest is created/formed by a company (for example through a corporate image); while there is a direct effect when CSR activities reflect consumer confidence in CSR activities. It is possible to conclude that Corporate Image and Corporate Credibility are mediators on the CSRA - Customer Loyalty path due to the discovery of mediation effects in the model.

This investigation shows a significant positive effect between CSR Authenticity and Corporate Image, while others showing similar results include Chiu and Hsu (2010) and Martinez et al. (2014). CSR Authenticity shows the company's concern for the community which is different from commercial activities and acts as a stimulus to consumers. Furthermore, ethical behavior and moral activities tend to easily form a positive corporate image for Indonesian consumers, in accordance with cultural and religious values. Although several factors such as quality and price affect variables, Indonesian consumers tend to pay adequate attention to the company's image. This is evident from the significant positive effect between Corporate Image and Customer Loyalty which supports the empirical research from Chun and Bang (2016) and Plewa et al. (2015). The significant positive effect between CSR Authenticity and Corporate Credibility shows that Danone-Aqua is considered pure with its activities in accordance with community needs; therefore, it is trusted. This is also supported by the research conducted by Hur et al. (2014) and Perez & Bosque (2013b). Furthermore, Alcaniz et al. (2010) and Perez and Bosque (2013a) stated that there is a significant positive effect between Corporate Credibility and Image. These tend to occur because Indonesian consumers make a positive evaluation of the image of companies with expertise in carrying out their activities. In addition, empirical studies have confirmed a significant positive relationship between Corporate Credibility and Customer Loyalty (Kim et al., 2014). Therefore, credibility is an important predictive factor in creating Indonesian consumer loyalty as evident from the analysis results. Conversely, the results of the calculation, as well as the comparison of direct and specific indirect effects, indicate the research model relationship of variable path CSR Authenticity - Customer Loyalty to be better when conducted through the mediating variable of Corporate Image and Credibility.

This study reveals all  $R^2$  values in the three endogenous variables (CI, CC and CL) to show T statistics values  $> 1.96$ , meaning the predecessor confers a significant contribution in predictions. Furthermore, the results of  $Q^2$  calculation were  $> 0$ , therefore, supporting the predictive relevance of the model. Thus, it is possible to conclude that the exogenous construct of CSRA has a predictive relevance for each construct towards Customer Loyalty, Corporate Image and Corporate Credibility.

## **7. Conclusion**

Five out of the six hypotheses proposed were found to be statistically significant, while one regarding the effect of CSR Authenticity on Customer Loyalty was not. Almost all of the theoretical statements were in accordance with the empirical reality in the context of this investigation. This, therefore, extends the line of existing CSR Loyalty studies, by emphasizing the important of Authenticity. Furthermore, the analysis of causal models shows direct effect on Corporate Image and Credibility, but an indirect effect on Customer Loyalty. With regard to the model, CSR Authenticity is the key driver for the two direct variables and also for Customer Loyalty if conducted through Corporate Image and Corporate Credibility.

This study is expected to overcome the existing gap on CSR - Customer Loyalty based research. This study makes use of the Stakeholder Theory and the Affect Theory of Social Exchange. It is expected to show how Indonesian companies and consumers influence one another, through social transactions in the form of CSR Authenticity. This study raises the construct of CSR Authenticity as a key variable. The Stakeholder Theory emphasizes that stakeholders, including consumers, have an impact on the survival of the company, but they are also influenced by the company. In addition, the Affect Theory of Social Exchange makes a contribution to the affection aspect, by building a relationship between both parties, based on emotions. Moreover, a sincere program leads to positive responses from the consumers. That is why, CSR-Authenticity is an ethical strategy in performing activities to influence stakeholders.

Corporate managers need to launch CSR activities with the authenticity of their social responsibility mission, including distinctiveness and social connectedness (Mazutis and Slawinski, 2015). That reflect corporate values and benefits for the community, in order to create a consumer impression of the company's efforts. Regarding the model, the influence of Corporate Image and Credibility as mediators is statistically significant, both as an outcome of CSR Authenticity and as a determinant of Customer Loyalty. Therefore, as a result, managers ought to manage resources in linking all variables, in order to achieve the ultimate goal of Customer Loyalty. In addition, there needs to be consistency between statements and reality carried out in CSR activities. Furthermore, it is possible for CSR Authenticity to humanize the company, encouraging consumers not only to like, respect or admire, but also to strongly identify with the name of the company (Du et al., 2007).

The limitation of this study is that the research was carried out in one period of time (cross-sectional data; hence, it is impossible to recognize any changes, both in consumer behavior or the company. Therefore, the relationships between variables are investigated in particular situations/conditions, illustrating the uncertainty of the ability to generalize the findings with other situations. Future studies should apply longitudinal research designs and tests on the change of the effects of consumer perceptions over time. Further study should also investigate the perspectives of other stakeholders, in order to strengthen the concepts. In contemporary times, companies have attempted to develop various CSR activities so that the addition of Social Innovation constructs to the conceptual framework would be an interesting area to explore.

## **APPENDIX**

### **Corporate Social Responsibility Authenticity (CSRA)**

1. CSR activities of Danone-Aqua company have been done with sincerity).
2. CSR activities of Danone-Aqua company are meaningful /valuable
3. CSR activities of Danone-Aqua company have social responsibility mission
4. CSR activities of Danone-Aqua company contribute to people's welfare
5. CSR activities of Danone-Aqua company are unique and are different from commercially oriented CSR activities
6. CSR activities of Danone-Aqua company are in accordance with its core of business (drinking water)
7. Danone-Aqua company is honest with its CSR activities
8. Danone-Aqua company is committed to the sustainability of its CSR activities

### **Corporate Credibility (CC).**

1. Danone-Aqua company is experienced in its activities
2. Danone-Aqua company has skills in performing its activities
3. Danone-Aqua company is an expert in its field.

4. I believe in Danone-Aqua company.
5. Danone-Aqua company makes correct statements.
6. Danone-Aqua company is truthful

#### **Corporate Image (CI)**

1. Danone-Aqua company is a decent organization in the community.
2. Danone-Aqua company social responsibility satisfies the community
3. Danone-Aqua company fulfills its social responsibility in the community.
4. Products of Danone-Aqua company are great.
5. Danone-Aqua company is well managed.
6. Danone-Aqua company responds to consumer needs.

#### **Customer Loyalty (CL).**

1. Danone-Aqua is the best choice.
2. I would like to be an example of loyal consumer of Danone-Aqua company.
3. I am committed to Danone-Aqua company.
4. I am willing to pay higher price than competitors' offers.
5. I consider Danone-Aqua as the first choice.
6. I intend to constantly dealing with Danone-Aqua company.
7. I am not going to switch to another company even if Danone-Aqua company is facing any problems.
8. I intend to increase my purchase of Danone-Aqua company products in the future.
9. I suggest my family and friends to consume Danone-Aqua company products.

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# Public Interest Statement

## Public Interest Statement :

Analysis in this journal is about authenticity or purity of corporate social responsibility activities. This is because there is still skepticism, doubts and suspicion of the motivation behind CSR activities, especially in developing countries like Indonesia. With increasing social and environmental problems, the pressure for companies to do CSR comes from various parties. The consequence is the increasing communication about CSR in various media. This raises the curiosity of various parties and also consumers, whether the company conducts activities purely in accordance with the basic objectives of the company's values and character and in accordance with the interests of the community or for the benefit of the company itself. This study is important to know whether conducting authentic CSR activities can affect consumer loyalty, which is a source of corporate sustainability. This study found that CSR Authenticity does not have a direct effect on Customer Loyalty, but it does if mediated through Corporate Image and Corporate Credibility variables. It is important for relevant parties in Indonesia that the company's social performance can be done through the CSR authenticity activities as an ethical pro-social strategic action.

Comments from the Editors and Reviewers:

Title, Abstract and Introduction – overall evaluation  
Reviewer 6: Sound with minor or moderate revisions

Methodology / Materials and Methods – overall evaluation  
Reviewer 6: Sound with minor or moderate revisions

Objective / Hypothesis – overall evaluation  
Reviewer 6: Outstanding

Figures and Tables – overall evaluation  
Reviewer 6: Sound with minor or moderate revisions

Results / Data Analysis – overall evaluation  
Reviewer 6: Sound

Interpretation / Discussion – overall evaluation  
Reviewer 6: Sound

Conclusions – overall evaluation  
Reviewer 6: Sound

References – overall evaluation  
Reviewer 6: Outstanding

Compliance with Ethical Standards – overall evaluation  
Reviewer 6: Sound

Writing – overall evaluation  
Reviewer 6: Sound

Supplemental Information and Data – overall evaluation  
Reviewer 6: Not applicable

## Comments to the author

Reviewer 6: Dear Authors,

Thank you for your paper. This is a very interesting research paper. I like your theoretical idea and practical results. I have some minor remarks that in my opinion should be implemented before final submission.

1. Develop Abstract a bit. Notice, that often this is one and only part of your paper that reader can access so consider adding more details of your results.

**We have add some more details concerning the results of the research in the abstract**

2. Develop better your research instrument. Consider adding the questions which you have asked to your responders directly in a text or as an appendix.

**We add the questions as an appendix In this section, we indicate how the variables are measured.**

3. Explain better your variables. Nonetheless, I am pretty sure that when you will add a questionnaire's questions to the paper this point will be also clear.

**We have provided the definitions of the variables and as well as the explanations in section 2. Literature review and hypotheses.**

4. There is some mess between your tables and descriptions. Reading I am not sure for which reason a table is placed right here, further I can find a short explanation but still I see that all as a mess. You must follow scientific papers' rigor. So, you must develop a background for a table, then place that table, and just below explain the data which are in this table according to your research objective or hypotheses. Especially see 5.1.1 and 5.1.2.

**We have revised tables and descriptions, especially for 5.11 and 5.1.2**

## **ABOUT THE AUTHORS**

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## **Public Interest Statement**

Analysis in this journal is about authenticity of CSR activities. The reason is due to skepticism about the motivation behind CSR, especially in developing countries like Indonesia. Pressure to do CSR is coming from various parties as the social and environmental problems increased. The consequence is that communication concerning CSR activities is getting wider in media; which is often different from what has been done in reality. Does the company carry out the CSR purely or only for the companies behalf ? The aim of this study is to investigate whether authentic CSR can affect loyalty. This study found that CSR Authenticity has no direct effect on Customer Loyalty, but it does if it is mediated through Corporate Image and Credibility. This is important for related parties, that the companies social performance can be done through the authenticity of CSR activities as a pro of social strategic and ethical action.